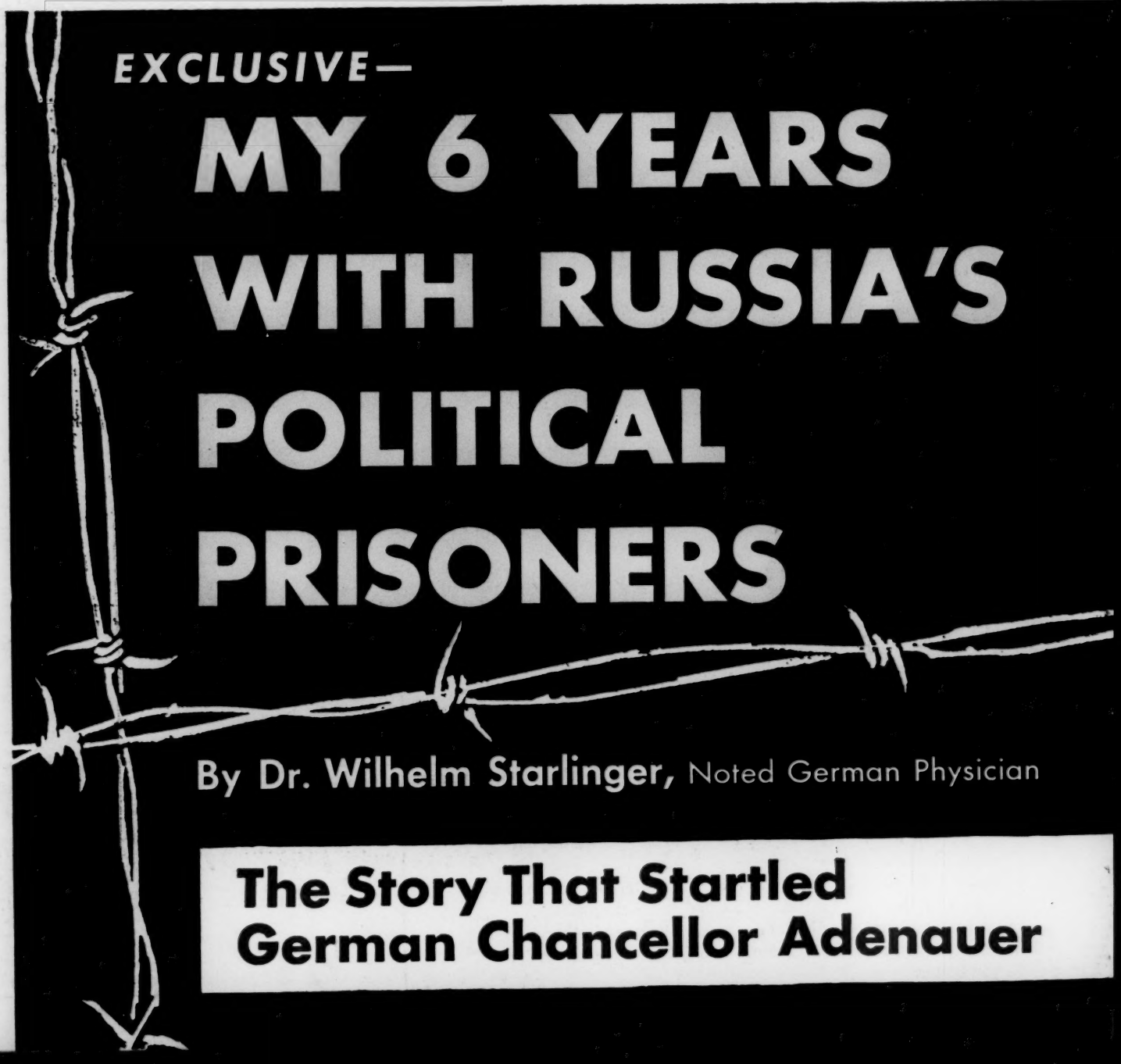
NOVEMBER 4, 1955 20 CENTS

U.S. News & World Report

IKE'S FUTURE



EXCLUSIVE—

MY 6 YEARS WITH RUSSIA'S POLITICAL PRISONERS

By Dr. Wilhelm Starlinger, Noted German Physician

The Story That Startled German Chancellor Adenauer

Photograph by Vilen

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can kill them all in the bush

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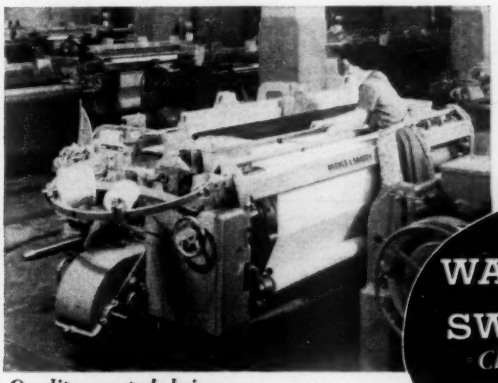
So up go wages which can only mean up go prices —which can only mean fewer people can buy. And *that* can only mean fewer jobs.

There *is* only one possible solution if wages are to be raised—better machines better used, to produce more efficiently and so keep costs and prices down.

Otherwise there will soon be no bird in the bush nor bird in the hand either.

Soon no bird.



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IN THIS ISSUE:

★ Top-Level Report: Build-Up for War in Near East

Here you get exclusive interviews with the central figures in the latest war scare—the Prime Ministers of Egypt and Israel. The interviews, granted to members of the Board of Editors of *U.S. News & World Report* who flew to each country, show where the real danger lies on each side. Start on page 48.

★ What to Do Now to Save on Your '55 Taxes

For practical, down-to-earth suggestions about what to do between now and December 31 to effect real savings on your tax outlay for 1955, read this article, starting on page 23.

★ You'll See Official "Flying Saucers" Soon

This, finally, is the story on "saucers" that do all the things they are supposed to do, and are officially recognized. Page 62.

★ The Cover Articles:

Ike's Future, page 19. "My 6 Years With Russia's Political Prisoners," page 136.

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NHW 26

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WORLD REPORT

U. S. WEEKLY
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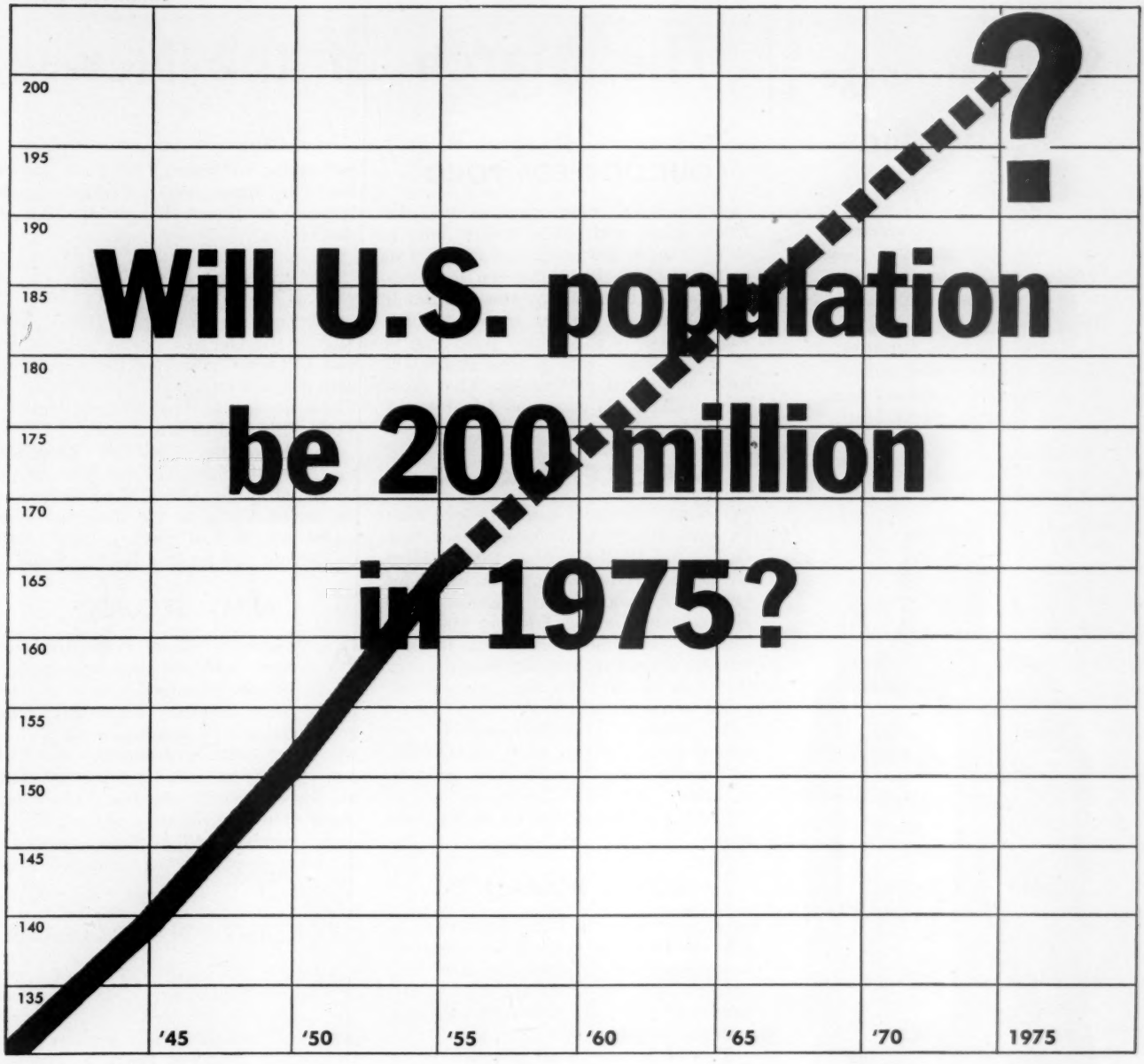

Will U.S. population be 200 million in 1975?

Between 1950 and 1955, America's population increased by 13 million—more than during the entire decade of the 1930's.

According to Census estimates, the U. S. population should grow from today's 164 million to a figure between 198 and 220 million in 1975.

Business executives are studying the effects of population trends on their particular markets—preparing today for tomorrow's opportunities.

A most important part of that preparation is the establishment of banking relationships that will provide ready availability of funds as needed.

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The March of the News

OUTLOOK FOR POLIO

About 3,300 more persons will be stricken with polio before Jan. 1, 1956. That is the prediction of the Department of Health, Education and Welfare, on the basis of statistics to date. If the Government experts are right, 1955 will have one of the mildest polio seasons in recent years, with a total of 29,000 cases and about 800 deaths. That compares with 38,741 cases and 1,620 deaths in 1954.

WALLACE BACKS IKE

Republicans could hardly believe their eyes. Henry A. Wallace, former New Dealer and 1948 candidate for President on the Progressive Party ticket, came out for Mr. Eisenhower. In a letter to the *Minneapolis Morning Tribune*, Mr. Wallace wrote: "Unless his health takes a turn for the worse, I would strongly urge that it is his duty for the peace of the world to run in 1956."

Mr. Wallace, U. S. Secretary of Agriculture from 1933 to 1940, said he did not endorse the current farm program as "ideal," but felt it "embraces most of the features I stood for 15 or 20 years ago. . . ."

ROYAL ROMANCE

A new budget for Great Britain's Government was stealing the page-one headlines from Princess Margaret and Group Capt. Peter Townsend, but the royal romance had spilled over onto the editorial pages.

Two of Britain's most powerful newspapers lined up on opposite sides. Margaret, said the authoritative *Times* of London, should "pass into private life" if she decides to marry the divorced airman. Replied Britain's most influential provincial paper, the *Manchester Guardian:* "What harm will be done . . . if the Princess is permitted to marry her choice and still perform her socially useful functions?"

AIR-PORTABLE REACTOR

By spring of 1957, the Army expects to finish an atomic reactor that can be transported by airplane, it was announced last week.

The Army hopes to develop a portable reactor that can be used in remote regions, such as the Arctic, to provide power for heat and light. After such a plant is installed, it could run for three or four years on one planeload of fuel. By contrast, fuel oil for Arctic installations now moves, barrel by barrel, via rail, ship, air and dogsled or tractor before reaching its destination.

SOVIET SLOGANS

Getting set for the 38th anniversary of the October Revolution, the Soviet Union's Communist Party came up with a record total of 73 slogans this year. These slogans lay down the party line for Communists all over the world.

No. 18 on the 1955 list: "Long live the friendship and collaboration of the people of Britain, the United States and the Soviet Union in the struggle for relaxing international tensions, for peaceful coexistence and for long-lasting peace."

ARMY SECURITY

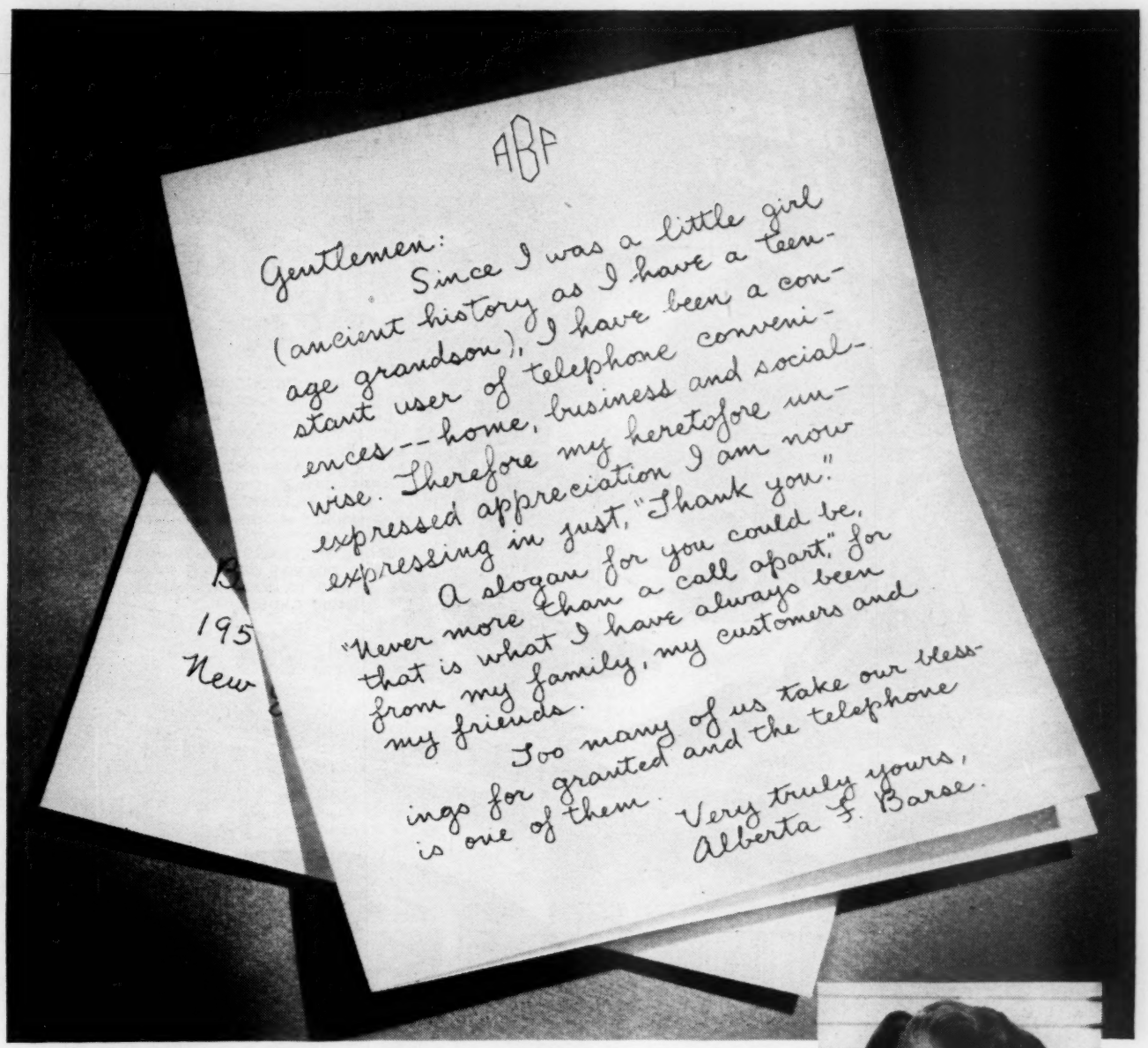
An overhaul of its internal-security system, with stiff new requirements for all security personnel, was announced by the Army. Secretary Wilber M. Brucker ordered special training for all persons who must examine derogatory material, and periodic refresher courses for those already trained. He also laid down a new chain of responsibility, under which security reviewers will be held accountable for allegations they accept from subordinates.

FOREIGN-POLICY DEBATE

Wading into controversial waters, two former Secretaries of State last week had comments on U. S. foreign policy, past and present. Both served under Democratic President Harry S. Truman.

Dean Acheson, a member of Mr. Truman's Cabinet from 1949 to 1953, criticized the policies of Secretary of State John Foster Dulles. In an article in *Harper's Magazine,* Mr. Acheson said that "instant retaliation" was "almost a classic example of the way a leader among free nations should not proceed." In a frankly political survey of foreign policy after World Wars I and II, by both Democrats and Republicans, he concluded that "the Democratic Party in our lifetime has shown the superior capacity. . . ."

James F. Byrnes, one of Mr. Acheson's predecessors, suggested, in an article in *Collier's,* that Alger Hiss "could hardly have been a decisive or dominant figure" in the considerations which led to "the mistakes of Yalta." Wrote Mr. Byrnes: "There is not the slightest doubt in my mind that conscientious military estimates and not political chicanery influenced the concessions [to Russia]."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Since I was a little girl
(ancient history as I have a teen-
age grandson), I have been a con-
stant user of telephone conveni-
ences -- home, business and social-
wise. Therefore my heretofore un-
expressed appreciation I am now
expressing in just, "Thank you."
A slogan for you could be,
"Never more than a call apart." for
that is what I have always been
from my family, my customers and
my friends.
Too many of us take our bless-
ings for granted and the telephone
is one of them.
Very truly yours,
Alberta F. Barse.

MRS. ALBERTA F. BARSE

"Never More than a Call Apart"

We received a very nice letter from a woman on Long Island, N. Y., the other day and we thought you might like to share it with us.

Mrs. Barse's letter is typical of the many we receive from people who are kind enough to write about the value of their service and the friendliness and help of telephone people.

Such letters are not only pleasant to receive but an encouragement to all of us to do even better in the days to come.

BELL TELEPHONE SYSTEM

NEW PLASTIC FOOTBALL MASK ABSORBS EVEN A BALL BAT BLOW!

RIPLEY'S

IN A DARING DEMONSTRATION OF A FACE MASK MADE WITH A NEW PLASTIC CALLED CYCOLAC*, A FOOTBALL PLAYER PERMITTED HIMSELF TO BE STRUCK WITH A BAT. THE RIGID PLASTIC PREVENTED INJURY--AND CUSHIONED MUCH OF THE JOLT. PRACTICALLY UNBREAKABLE, THIS PLASTIC IS A DEVELOPMENT OF **B-W'S MARBON CHEMICAL**. IT HAS 10 TIMES THE IMPACT STRENGTH OF MOST OTHER PLASTICS -- YET IS LIGHTER WEIGHT. MANUFACTURERS ARE TURNING TO CYCOLAC FOR DOZENS OF USES FROM GOLF CLUB HEADS TO NON-BREAKABLE RADIO CASES.

NEW DRYER GIVES WOMEN 6 EXTRA DAYS OFF EACH YEAR!

THE TIME A HOMEMAKER SPENDS YEARLY JUST IN LUGGING WASH TO THE CLOTHESLINE AND BACK EQUALS 6 EIGHT-HOUR DAYS. (AND 40 MILES OF WALKING!) NOW THIS TIME IS TURNED TO HAPPIER USE BY THE TIMELINE* AUTOMATIC DRYER, MADE BY **B-W'S NORGE**. UNUSUALLY VERSATILE, IT DRIES EVERY WASHABLE FABRIC. TREMENDOUS AIR VOLUME WITH LOW HEAT ASSURES FAST, NO-SCORCH DRYING.

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A ¼-INCH STREAM OF OIL IS THE POWERFUL MUSCLE THAT DOES THE SHIFTING IN B-W AUTOMATIC TRANSMISSIONS. FLOWING THROUGH NARROW CHANNELS IN THE INGENIOUS CONTROL UNIT, IT OPENS AND CLOSES VALVES TO CHANGE SPEED RANGES ON THE SPLIT SECOND. THIS PRECISE ACTION HELPS ACHIEVE THE INSTANT RESPONSE AND HUSHED SMOOTHNESS SO PRIZED BY OWNERS OF B-W AUTOMATICS.

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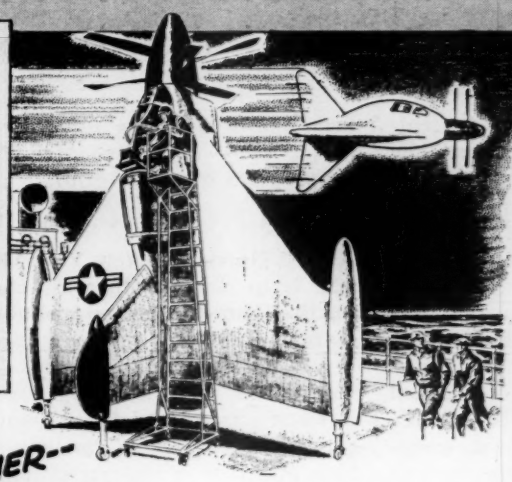

TAKES OFF STRAIGHT UP... LANDS FLYING BACKWARDS!

NAVY'S XFY-1 FIGHTER LEAPS VERTICALLY FROM A DECK ...THEN GOES INTO LEVEL FLIGHT. TO LAND, IT BACKS DOWN, TAIL FIRST. THIS REQUIRES TREMENDOUS POWER FROM THE TURBOPROP ENGINE. SO 4 PRECISION PUMPS FROM **B-W'S PESCO** ARE USED TO DELIVER THE FUEL THAT KEEPS THE 16-FOOT PROPELLERS WHIRLING. UNFALTERING FUEL FLOW IS MAINTAINED UNDER ALL CONDITIONS.

WREN'S FEATHER-- PROTECTION AGAINST SHIPWRECK!

ISLE OF MAN FISHERMEN FELT A SENSE OF WELL-BEING WHEN THEY HAD A SPECIAL WREN'S FEATHER. THEY BELIEVED IT WOULD PREVENT SHIPWRECK FOR A YEAR. TODAY, AMERICANS, TOO, GET A YEAR-LONG SENSE OF WELL-BEING FROM HAVING A FEATHER-- THE FAMOUS **RED FEATHER** THAT SHOWS THEY'VE CONTRIBUTED TO THEIR COMMUNITY CHEST. MAKE YOUR FEATHER MEAN MORE TO YOU--GIVE GENEROUSLY.

FLYING CLAWS RIP OUT A 4-MILE DITCH IN A DAY!

CLAWING THE EARTH 1000 TIMES A MINUTE, THE REVOLVING DIGGERS OF THIS MACHINE CAN SLASH OPEN 44 FEET OF HIP-DEEP DITCH EVERY 60 SECONDS. TO WHIRL THE DIGGERS AT SUCH HIGH SPEEDS UNDER CONSTANT LOAD, SPECIAL HEAVY-DUTY CHAIN DRIVES ARE USED. MADE EXTRA-RUGGED BY **B-W'S MORSE CHAIN**, THESE DRIVES ASSURE POWER NEEDED FOR STEADY, CLEAN DIGGING EVEN IN STUBBORN CLAY 8 FEET DOWN.

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Washington Whispers®

[Items appearing on this page are reported in Washington and other news centers]

Politicians' New Headache: Cattle . . . Cabinet Officers Say Ike May Run . . . Hubert Humphrey Advising Adlai

Ezra Benson, Secretary of Agriculture, is coming under fire of some key Republican Senators from the farm belt who feel he should show more enthusiasm for bolstering farm income by Government action.

★ ★ ★

The theme of Midwestern Republican Congressmen—keeping the phone wires busy into the office of Richard Nixon, Vice President—is this: "We don't care what you do, but do something to pump more Government money into farm pockets." Congressmen find that farmers appear to blame them for wage rises and price rises because of their vote at this year's session to increase the minimum wage from 75 cents to $1 an hour.

★ ★ ★

George Humphrey, Treasury Secretary, is described by some Republican Senators as willing to spend quite a bit more money for farm aids if Agriculture Secretary Benson comes up with a method.

★ ★ ★

Predictions are beginning to be heard that before long cattle will be joining hogs as a major cause of political headaches for Republicans. Cattle prices have shown signs of sliding.

★ ★ ★

Important Cabinet officers who have talked recently with President Eisenhower still express the thought that Ike might accept a draft for a second term. They base this hope upon the fine appearance of the President.

★ ★ ★

Not all Justices of the Supreme Court are convinced that Chief Justice Warren would remain adamant if the Republicans try to force him to leave the bench and undertake a presidential candidacy. At least one Justice is now telling Senators privately that he has come to believe Mr. Warren would yield to a true draft.

★ ★ ★

Averell Harriman, New York Governor, is to discover that his chances for the Democratic presidential nomination are being hurt by the fact that Carmine DeSapio, who is directing his bid, is being regarded in some areas as strictly a Tammany product—with all of the handicaps that attach to a big-city boss. Some important Democrats are thinking of taking pot shots at Mr. DeSapio.

★ ★ ★

Christian Herter, Governor of Massachusetts, has just been advised by his physicians that his health is first-rate and that the arthritis which has bothered him in the past is not a progressive condition. His friends now believe that health problems will not be a barrier to the Governor if he wants to be a candidate for the Presidency.

★ ★ ★

Robert F. Wagner, Jr., Mayor of New York, would like to follow his father's footsteps into the U. S. Senate and has had his eye on the seat occupied by Senator Herbert Lehman. New York's Governor Harriman is reported to have encouraged him in this idea. Senator Lehman's endorsement of Adlai Stevenson for President is said to be related to this situation.

★ ★ ★

Moshe Sharett, Israeli Prime Minister, has told John Foster Dulles, U. S. Secretary of State, that a war in the Middle East is "inherently logical" unless Israel can get arms and a security pact from Western nations. Mr. Sharett is reported to have said that the "time of decision" for Israel may not arrive until next year.

★ ★ ★

It is being suggested that U. S. cut off all present aid to Egypt, undercut Egyptian cotton in world markets and offer to build a high dam in the Sudan to give the Sudanese more irrigation water from the Nile as a means of bringing pressure on Egypt to give up purchase of arms from the Communist bloc. Mr. Dulles is not yet buying this suggestion.

★ ★ ★

Military bases of greatest strategic importance—as well as oil in vast quantities handled by American companies—are at stake in the highly unsettled area of North Africa and the Middle East where Arab nations are in something approaching a state of war with Israel.

★ ★ ★

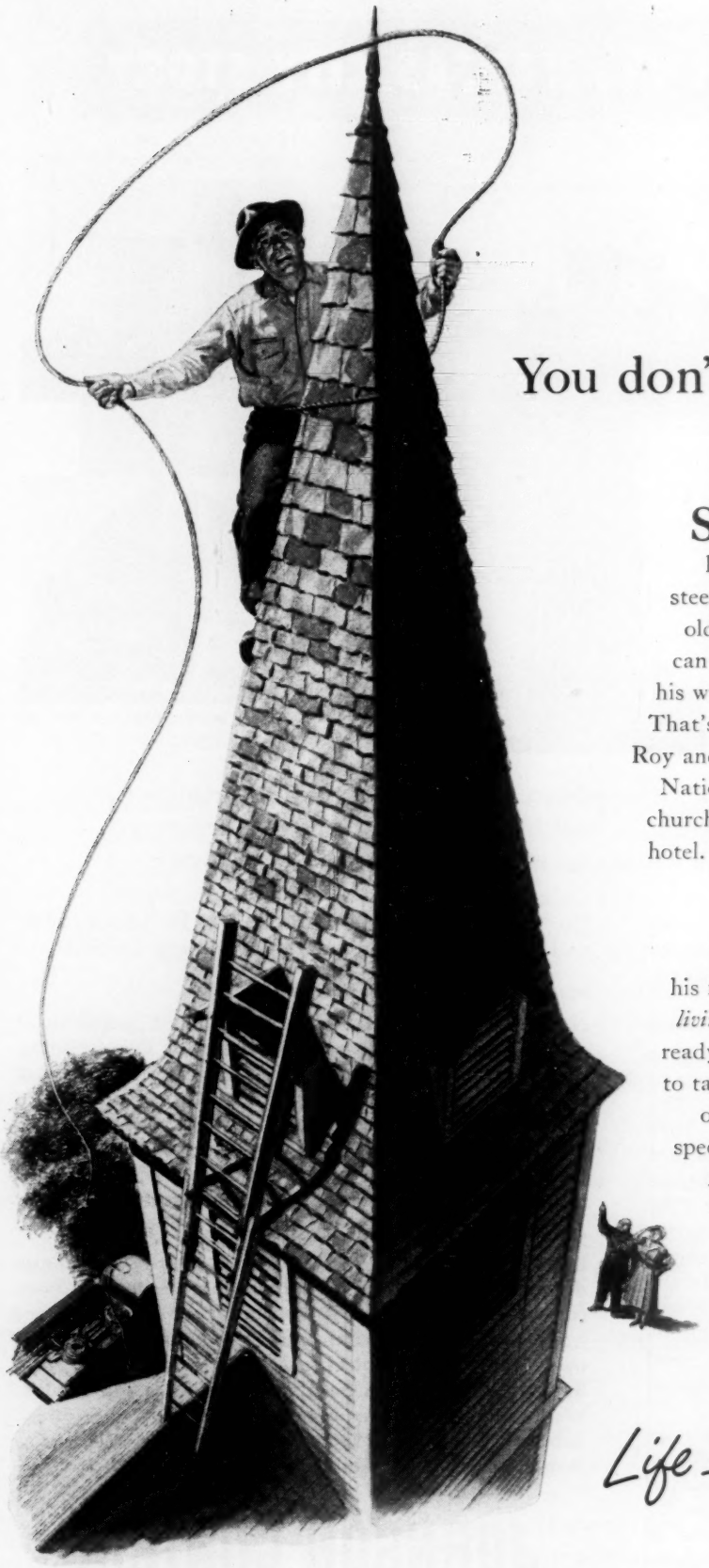
Walter George, Senator from Georgia and chairman of the Senate Foreign Relations Committee, has been much more confident recently of winning renomination if challenged by Herman Talmadge, former Governor. Senator George, nearly 78, has taken the political offensive in his State.

★ ★ ★

Hubert Humphrey, Minnesota Senator, is increasingly influential in the councils of Adlai Stevenson. Senator Humphrey is credited with converting Stevenson to support of rigid price supports for farmers at 90 per cent of parity.

★ ★ ★

Harold Stassen, who is handling disarmament plans for President Eisenhower, does not plan now to make a formal bid for the Republican nomination—even if the President announces a decision to retire.



You don't have to die to win...

Surprising what a lot of life there is in a good life insurance policy. Life insurance can pry the steeple off an abandoned church and transform the old building into a charming hotel. Life insurance can change a middle-aged construction worker and his wife into a pair of prosperous, happy innkeepers. That's what happened in one midwestern town when Roy and Martha Ellis made use of their Northwestern National Life policy to help them buy an outgrown church building and transform it into a much-needed hotel. The venture was a success from the beginning, and two more people can thank life insurance for happier, more useful living.

Every man needs life insurance to provide for his family if he should die. But life insurance is for *living*, too. A modern life insurance plan gives you ready cash when you need it—to meet emergencies, to take advantage of opportunities. Policies such as our "Plan W" and "Triple E", for example, are specially designed to help you get more out of life. Ask your NWNL agent to tell you about them.

An actual case from our files; only the names are changed.
Copr. 1955, Northwestern National Life Insurance Co.

Life Insurance is for Living!

NORTHWESTERN NATIONAL LIFE *of Minneapolis*

JOHNSON tells the KANSAS CITY STORY

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In Kansas City, for example, you'll see the familiar Johnson Thermostats in such modern, air conditioned office buildings as those of Allstate Insurance Co., The Marley Company, Skelly Oil Company, New York Life Insurance Co., and in the forthcoming Standard Oil Building. There is temperature control by Johnson in over half the schools in the Greater Kansas City area . . . in 8 of the 10 leading hospitals, including St. Luke's, Research, St. Joseph, St. Mary's and General . . . in fine restaurants, banks and churches . . . in the new Midwest Research Institute, Hawthorne Power Generating Station, Southwestern Bell Telephone Company headquarters, the Kansas City Club . . . and in countless other outstanding buildings throughout the area!

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The specialized temperature control problems of famed industrial plants are solved with precision by Johnson. Outstanding installations include those in Ford's gigantic Claycomo assembly plant, Colgate-Palmolive Co., The Sealright Co., Inc., General Motors' Buick-Oldsmobile-Pontiac assembly plant, Sunshine Biscuit, Inc., and Corn Products Refining Co. The new air conditioned home of Hallmark Cards will be completely equipped with Johnson Control.

PUBLIC BUILDINGS, STORES

Nearly all of Kansas City's important public and government buildings have Johnson Air Conditioning Control Systems—Municipal Auditorium, Nelson Art Gallery, Federal Courts Building, City Hall, Police Courts Building and Jackson County Court House. The new Linda Hall Library will also have Johnson Control. Leading stores, such as Harzfeld's and Sears in Country Club Plaza, and Woolf Brothers and the Jones Store Co. downtown, depend on Johnson Control.

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A LOOK AHEAD

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There is this to bear in mind: When a boom begins to get hectic, it is time to become a bit wary, to watch out for signs of possible trouble.

Right now, many things are popping. Steel seems short. Aluminum is in short supply. Labor shortages show here and there. Wage rates are jumping. Auto prices, many other prices, are being marked up. Profits are high.

There is buoyancy in the air--outside the farm belt--and a scramble is on to get in ahead of any shortages and any new price rises.

That's the kind of situation that can be brittle. It may be that here and there are tendencies to overreach, to become too confident that the only direction is up. Too many people may try to go too far, too fast. That tends to get things out of balance, and adjustments become necessary.

Farming is a weak spot right now. Farm troubles are real.
Residential building gives signs of becoming a weak spot.
Autos can lose some buoyancy, with prices up, credit tighter.
It is in those fields to be watchful as the months go by.

Actually, the chances are that 1956 will average out better than 1955.

Total activity is likely to be a bit higher. Production will be, too. Income totals are to measure higher for most groups.

The difference is likely to be this: In 1955, trends have been very sharply up during the year, with rises to carry into 1956. In 1956, starting high, it would take substantial declines to make the year average less than 1955.

Moderate slowing, some mild trends downward appear probable as the new year wears on. The boom will feel the effects of credit tightening.

Profits, record-breaking in many fields now, may not be as big in 1956. Costs keep creeping up. Price rises, often, do not fully reflect cost rises. Sales volume, if it shrinks at all, will quickly show in lowered profits.

Dividend rises, too, may slow. Dividend policies of many companies are turning out to be conservative. Profits, in large volume, are being retained to help to pay for new plant, new equipment--creating jobs directly.

Profit needs, to finance expansion, are great. Stockholders, under the circumstances, are not always faring as well as in past booms.

It's on the farms that trouble centers now. Farm income is down rather sharply and headed lower. That spells political and economic problems.

Farmers, politically, can upset the Republican applecart in important

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Midwestern States. Bargaining power of farmers in Congress is high. Farm income is a small and decreasing factor in total income. Farm markets, even so, are large for many industries. Shrinking, they tend to hurt.

The farm complaint is that city workers are getting raises, industry is showing record profits, prices of things the farmer buys are going up, yet prices of things the farmer sells are sharply lower and declining.

Price supports at 90 per cent of "parity" are almost sure to be voted by Congress. White House veto then is probable, and the fight will be on.

In the end, there will be more Government aid for agriculture.

Price supports very probably will go up somewhat. "Soil bank" idea is likely to get a try. This idea is to pay farmers to put surplus land in grass and let it lie idle, ungrazed, not even harvested for hay. Cost: 1 billion.

Alternatives gradually pressing in on Congress: Outright fixing of farm prices accompanied by strong production controls, or free prices for farm products, letting them seek their level in the market, with farm income supported by direct payments from the Treasury.

Farmers always have shown a preference for getting income from their sales, not from Treasury checks. Trend is toward price fixing by law.

Meats are a very good buy now. Pork is sharply lower in price. Beef is down drastically from its top and is tending lower. The best cuts of prime beef are abundant and cheap. Lamb, as well, is abundant and cheap.

Housewives are making important savings in their meat bills. The chances are that they will find most foods cheaper over months ahead.

Building costs, up substantially from a year ago, probably are at, or near, their peak. Housing starts, beginning to slow, will mean less use of labor and materials for that industry once projects now under way are finished.

Cost of building a house, quite probably, will be lower a year from now than it is at present. Lowered activity, once it appears, can reflect itself rather quickly in material costs and even in some labor costs.

Eisenhower, recovering, is to be under increased pressure to run again. Ike's recovery, however, is only normal, not unusual. The Eisenhower decision is that the White House is not the permanent place for a man with a heart condition. The same condition that brought on a heart attack after less than three years in the White House--and while Ike was younger than he will be--still would be latent in a second term, while Ike would be older.

Winning would be simpler with Eisenhower, so, naturally, Republicans want him to run. Ike, however, must think of his own situation.

War threat in the Middle East is a real one. War, if it comes, will be between Israel and Egypt at the start. Other Arab nations may jump in.

U.S. is very unlikely to get involved directly. GI's will not be rushed into that war if it does break out. This country, however, is in the middle of the dispute, diplomatically, and probably will be blamed no matter how it goes. Africa and Middle East, at bottom, are a British and French problem.

All around the world, U.S. is being deeply involved in local troubles.

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PEOPLE ★ ★ ★

OF THE WEEK

› REAR ADM. RICHARD E. BYRD heads southward this month for another look at Antarctica—his fifth visit to that little-known continent. He is Officer in Charge of "Operation Deepfreeze," the Navy expedition that will survey the snow-capped bottom of the world as part of the International Geophysical Year, 1957-58.

The pioneer airman and explorer celebrated his 67th birthday last week preparing for his new venture with the same enthusiasm that he showed before his first expedition a quarter century ago. He hopes this time to unlock some of the secrets of the vast area "beyond the South Pole" about which scientists know less than they do about the surface of the moon. That is the area between the Pole and the Weddell Sea, which is roughly south of Africa.

Admiral Byrd is known to have in mind the possibility that there may be warm oases hidden behind the icy mountains over which man has never peered. Mineral wealth staggering to the imagination may lie buried there, he believes.

It was on Antarctica that the Admiral had one of the closest of his many brushes with death. Alone in a tiny shack during the expedition of 1934-35, he was all but asphyxiated by fumes from a leaky stove—an experience that turned his hair prematurely white. Yet, he is irresistibly drawn to the Antarctic, says he feels more peaceful there "than any other place in the world."

› ARTHUR F. BURNS views his job as chief economic adviser to the White House thus: to assess continually the economic condition of the country and suggest to the President what steps should be taken to keep things on an even keel. Other than that, his views are seldom publicized.

After a look around last week, Mr. Burns went to Denver, reported to President Eisenhower that the nation's overall economy is in "excellent" shape. At the same time he outlined a program of relief for chronically depressed areas.

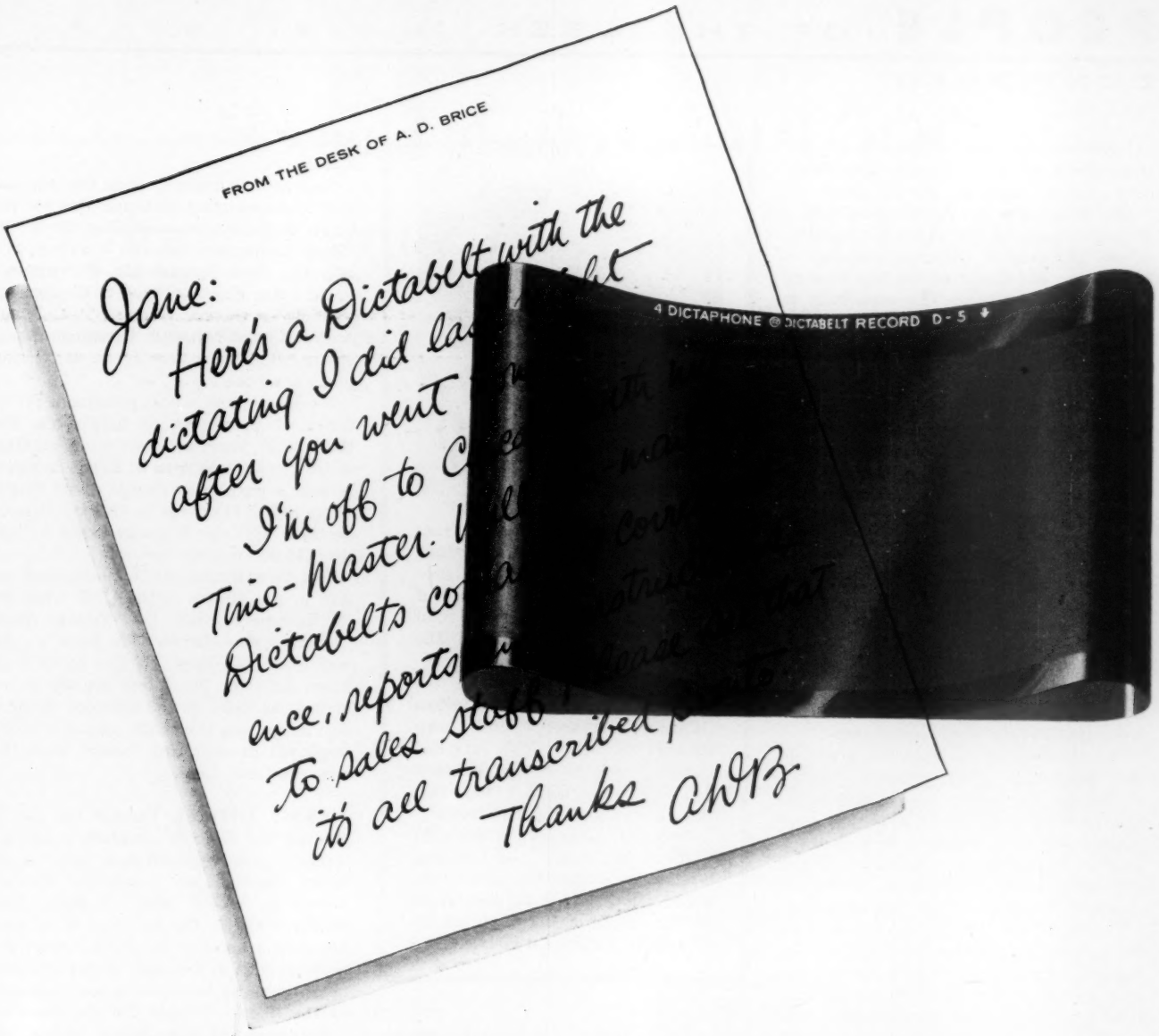
The economist offered a three-point proposal, which he likened to the Government's Point Four program of technical aid to underdeveloped countries overseas. It would do these things: Set up a new agency to co-ordinate federal relief work in communities where there is excessive unemployment; provide technical assistance for those areas; offer loans—with private enterprise and State and lo-

(Continued on page 16)

MOUNTAINS LOOK DOWN ON THE PRESIDENT

—Wide World

› A STRICKEN LEADER, blanket across his knees, wearing gay, red pajamas like a badge of confidence, poses for the first close-up photographs since his heart attack. In the background, the Rocky Mountains offer a scenic view for **President Eisenhower** from the sun deck of his hospital.



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cal governments as partners—to finance industrial projects or plants. The President gave a quick "go ahead" signal.

Mr. Burns came to Washington from a 30-year career at Columbia University, where he taught advanced theory of economics. He is one of the top 10 men around the President. The economist is 51, a native of Austria. One thing that Ike likes most about him is that he doesn't claim to know all the answers.

› **BACHELOR PRESIDENT** of the newest republic in the free world is a 54-year-old anti-Communist and stanch friend of the United States. **Ngo Dinh Diem,** victor in a battle with insurgent elements in South Vietnam, has proclaimed his country a republic and himself its first President. He has promised general elections soon to select the nation's first legislature.

As Chief of State of South Vietnam—carved last year from the former French colony of Indo-China—the new President replaces Bao Dai, former Emperor now living in exile in France. North Vietnam is in the hands of the Communists.

President Diem comes from a family that has sought independence for the Vietnamese for many years. Westerners who have worked closely with him have praised the new President as a brilliant scholar, an astute administrator. He is an ascetic who is pledged to chastity, a man who is shy in the presence of women.

During World War II, Mr. Diem defied the Japanese occupation authorities, blocked attempts to set him up as head of a puppet Government. In the postwar years, he fought the Communists with equal vigor, was named Premier with U. S. backing after the Geneva Conference that split his country in two. He appears determined to put his country finally on the road to popular government.

› **BRITAIN'S TOP AIRMAN** has been selected to fill a newly created post—Chairman of the British Joint Chiefs of Staff. **Sir William Dickson** will move up from Air Chief Marshal early next year, preside over Army, Navy and Air Force heads.

Appointment of Sir William as the first incumbent of the new office—similar to chairmanship of the U. S. Joint Chiefs—reflects the growing prestige of the Royal Air Force, with its expanding atomic-bombardment squadrons. This year, for example, the RAF is getting 35 per cent of the defense budget of 4.3 billion dollars—more than either the Army or the Navy.

As a teen-age volunteer in the Royal Navy Air Service in 1916, Sir William pioneered in flight from aircraft carriers. He flew from the deck of a converted cruiser, H.M.S. *Furious,* in one of the first air strikes from a floating airfield. His treetop-level attack on a Zeppelin base at Tondern, Germany, in July, 1918, was credited with destroying two of the large airships and their ammunition dump. Accompanying planes, guided by the flames, wiped out the base.

During World War II, Sir William held several administrative posts, led a fighter group in the defense of England, later commanded Britain's famed Desert Air Force in the Italian campaign. He is 57, a great-great-grandson of Lord Nelson, British naval hero.

› **NEW ENGLANDER** tagged for the position of chief tax collector of U. S. is an accountant whose first job was driving a truck. **Russell C. Harrington** was personally chosen by Secretary of the Treasury George M. Humphrey to be the new Commissioner of Internal Revenue, is expected to take office at the end of this month.

Secretary Humphrey took the unusual step of announcing his choice for the job before any announcement from the White House. In explanation, the Secretary said this was done because Mr. Harrington's name was already "under discussion" publicly as the successor to T. Coleman Andrews, who resigned. President Eisenhower often leans heavily on Mr. Humphrey's advice.

Mr. Harrington, whose home is in Providence, R. I., will be 65 next week. For the last 35 years he has been a member of the accounting firm of Ernst & Ernst, is now a partner in charge of its Providence office. He plans to give up all connections with the business world to take the $15,000-a-year tax job.

The New Englander has long been active in the affairs of the U. S. Chamber of Commerce and the Young Men's Christian Association. He likes to fish and play golf, says, "If I'm lucky I get down into the 80s," but usually scores higher. As head of the Internal Revenue Service he will direct the agency's 50,000 employes in collecting federal taxes, interpreting tax laws.

› **ARMY OFFICER** handed the job of making the Reserve program work is a topflight combat soldier, a hero of the heavy fighting in Germany's Hurtgen Forest in World War II. **Maj. Gen. Philip DeWitt Ginder** has been commanding general of the Fifth Army, with headquarters in Chicago. In his new Pentagon post he becomes special assistant to the Chief of Staff for the Reserves.

Secretary of the Army Wilber M. Brucker has delineated General Ginder's task as "the development of an adequate and well trained Reserve force." The Army is pushing a program to recruit young men into a six-month training course on active duty, followed by service in the National Guard, or a Reserve unit—keystone of the Reserve Forces Act of 1955.

General Ginder, 50, is a West Pointer of the class of 1927. He won the Distinguished Service Cross for extraordinary heroism in Germany, led the Ninth Infantry Regiment across Europe to a meeting with the Russians at Rokycany, Czechoslovakia, in the final stages of the war.

The new Reserve leader helped train U. S. occupation forces in Germany and later commanded the Sixth Regiment in Berlin during the "cold war" years. He joined the 45th Infantry Division in Korea in June, 1952, had risen to be its commander at the time of the armistice.

ALL A MISTAKE

—Wide World

› **TWO SENATORS,** home from Europe bristling over a story that the Pentagon was sending a special plane for them at a cost of $10,000, got a quick apology. Said the Defense Department: The Senators were "in no way responsible" for the mix-up.

Democrats **John L. McClellan** (left), of Arkansas, and **John Stennis,** of Mississippi, returned on a regularly scheduled Military Air Transport flight. They had been inspecting overseas bases.

Another Democrat, Senator Richard B. Russell, of Georgia, head of the Armed Services Committee, now is urging limitation on the use of military planes by traveling Pentagon officials.

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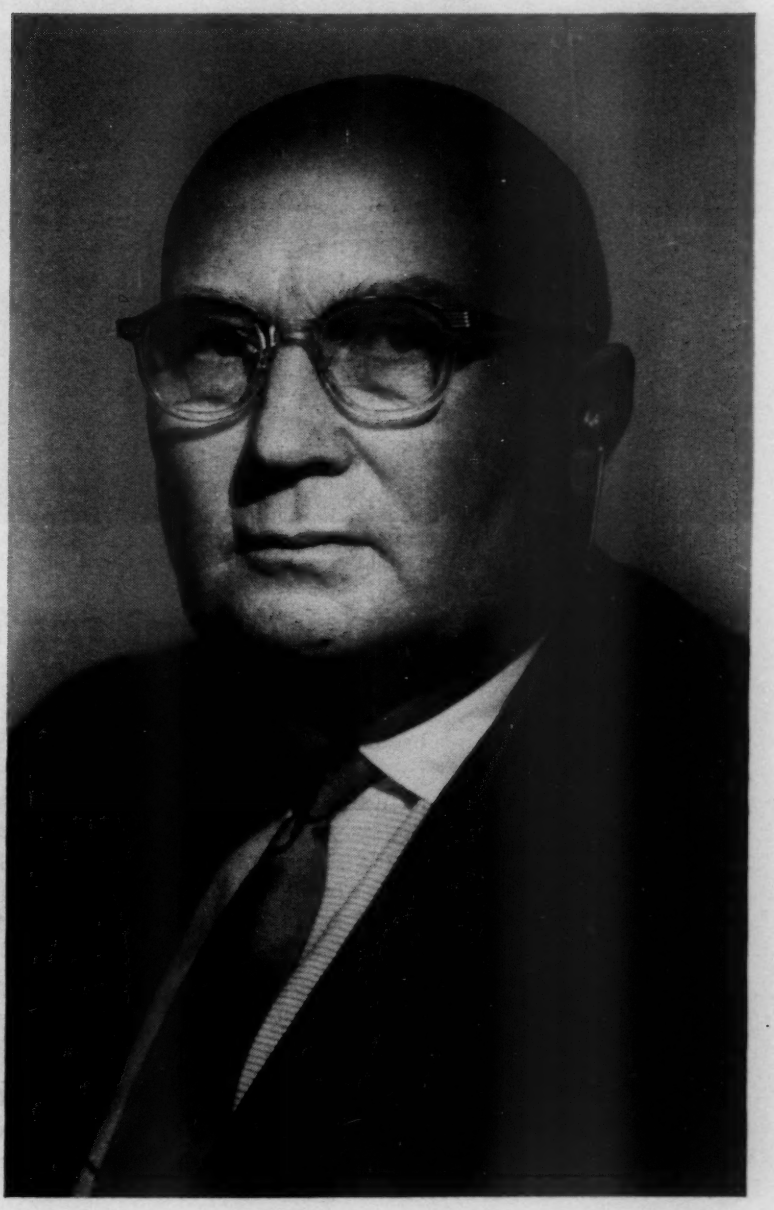

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IKE'S FUTURE

Campaign in '56 . . . Retire in '57 . . . Quiet Life At Gettysburg . . . Some Writing . . . Farming

The way it looks now, President Eisenhower will step out of the White House in 1957.

And then Mr. Eisenhower—no rich man—will have an income problem.

It's a problem that other former Presidents have faced. And some have had trouble.

Mr. Eisenhower has a farm but, so far, it is losing money. He probably will do some writing. And he has some investments.

It costs money, however, to live in the manner expected of a former President.

A bill now in Congress may provide the solution for the future: a pension for all retiring Presidents.

DENVER

President Eisenhower, with only 14 months left in a paying job, is in the position of any individual whose regular check is to stop coming. He has to give thought to making a living.

Before that, however, Mr. Eisenhower has the world's biggest job to fill. He must shape his own political future, deal with Congress in an election year, help his party with its campaign problems.

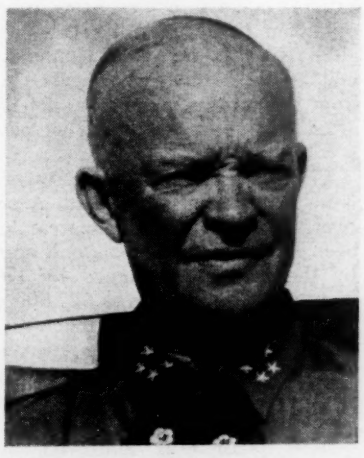
The President is reported firm in a decision not to accept renomination. He likewise is giving no thought to resignation. He has no present plans to try to dictate the Republican nominee. Mr. Eisenhower expects to be back on the job by January 1. If all goes well, he will be putting in an eight-hour day by February 1.

The next move. It now is expected that, sometime in January or February, President Eisenhower will announce formally his own position in politics. Until that time his mind will be preoccupied with political affairs, and problems related to the session of Congress that opens January 3.

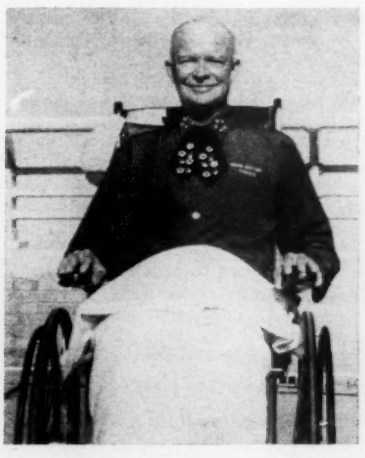
On top of that, however, Mr. Eisenhower is concerned with his own private plans for the time after Jan. 20, 1957, when he will leave the White House.

The President is not a rich man, al-

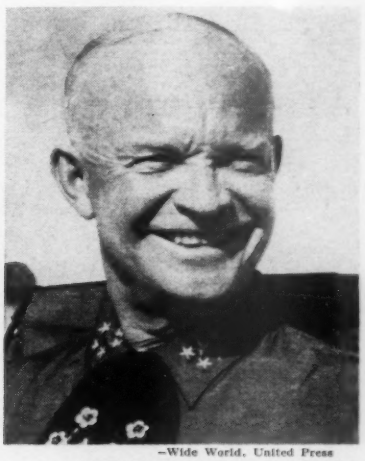
FIRST CLOSE-UP PICTURES SINCE THE PRESIDENT'S ILLNESS



PRESIDENT FROWNS AT SUN . . .



. . . POSES IN WHEEL CHAIR . . .



—Wide World, United Press

. . . GRINS FOR THE NATION

THE PRESIDENT'S PROGRESS—

And What Lies Ahead

President Eisenhower's heart attack came at 2 a. m. Saturday, September 24

FIRST FIVE WEEKS AFTER ATTACK . . .

First week, Sept. 24-30	President hospitalized . . . kept flat on his back . . . in oxygen tent much of time . . . no visitors except family
Second week, Oct. 1-7	Days spent mostly resting and dozing . . . minor setback on ninth day when President felt "tired" . . . snapped back quickly
Third week, Oct. 8-14	First real working session of 25 minutes . . . on sixteenth day, doctors found Ike capable of making critical decisions once again
Fourth week, Oct. 15-21	President sat up in easy chair for half-hour intervals . . . many more conferences . . . recovery rate called "average"
Fifth week, Oct. 22-28	On 30th day of illness, stood up for first time . . . began mild exercise . . . taking a few steps

WHAT DOCTORS SEE AHEAD FOR MR. EISENHOWER . . .

Sixth week, Oct. 29-Nov. 4	President's program: walks . . . use of wheel chair now and then . . . simple exercises to build muscle tone
Seventh week, Nov. 5-11	Mr. Eisenhower will try going up stairs, a few steps at a time . . . he may decide to return to Gettysburg
After mid-November	President will be at his Gettysburg farm, gradually increasing his activity; may make flights to Washington
By late December	Mr. Eisenhower will be allowed to practice chipping and putting with his golf clubs
By Jan. 1, 1956	The President is expected to return to the White House
By February 1	He will be able to put in a full working day
By next spring	He'll be able to play 18 holes of golf — on the basis of his doctors' present expectations

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though he did realize a small fortune from the book he wrote after the war. This book netted him $476,250 when income taxes had been subtracted. Mr. Eisenhower gave up title to the book and has drawn no royalties since.

A good part of the fortune that he made on his war book—nearly $300,000—has gone into the Gettysburg, Pa., farm to which he expects to retire. It is understood that a substantial portion of the remainder is in a trust that the President set up for his grandchildren. Mr. Eisenhower's personal investments are in the hands of a trust company in New York and receive no attention from him.

Making ends meet. As he looks ahead, the President can see a very practical personal problem.

After mid-January, 1957, the big pay check that now comes each month from the Treasury will stop coming. This check is for $6,688.86 after withholding tax. The loss from the Eisenhower farm, estimated at $25,000 a year, will go on. At the same time there will be living expenses to meet and a good many other bills to pay in order that the retired President may live in the style that the country will expect for him.

Mr. Eisenhower, in other words, will be up against the problem that everybody faces—that of making ends meet.

The President's friends say that he will have plenty of money to live well for a time without working. One estimate is that the nearly $200,000 he had left from the sale of his book—after building his Gettysburg estate—has grown to around $400,000 and that the income amounts to about $15,000 a year. Much of this money, however, is understood to be in trust funds that cannot be touched.

When he ran for the Presidency, Ike gave up his right to his Army pension of $19,542 a year. Under Army rules this right can be regained by the President after he leaves the White House. A General of the Army, who never "retires" from the Army, continues to get his pay after leaving active duty. That pay now is $22,943 a year.

Choice of pensions? At present there is no pension for a President. A pension plan, though, is before Congress and has been approved by the Senate. If approved by the House and signed by Ike, the plan would entitle him to $22,500 a year and would assure Mrs. Eisenhower $10,000 a year for life, if she survives her husband. The President then could choose between his Army pension and his pension as President. In addition to the presidential pension—as approved by the Senate—a retired President would be entitled to a staff equal in size to the staff of a Senator from the least populous State. The bill also would give him an

office in a federal building and would entitle him to free mailing privileges.

As of now, Mr. Eisenhower cannot look forward to a pension as President because it is not law. He can look forward to an Army pension. That then would be supplemented by any income from investments not now held in trust for the Eisenhower grandchildren.

A close personal friend of President Eisenhower says this:

"The President does not even know what his money is invested in. The trust company invests his money without consultation with the President. Ike wanted to have nothing to do with finances or with private interests once he became President.

"Undoubtedly, after leaving office, Ike will do a good deal of writing and will be well paid for it. He will have all of the money he really needs."

High cost of office. Mr. Eisenhower, however, has been conscious of the problem of making more than an average living, even while drawing the pay of a President.

Representative Harold C. Ostertag (Rep.), of New York, after talking with President Eisenhower some time ago, had the following to say:

"The President indicated that he is having as hard a time as the rest of us in making his income meet his running expenses. He said he was warned, after the election, that it would cost him $25,000 a year, over and above his salary, to live in the White House; but recent checks on his expenditures there indicate that this estimate was too conservative.

"One reason why President Eisenhower is having personal-budget trouble is that he took a sharp salary cut, as compared with his predecessor. When Mr. Truman was in the White House, he received $100,000 a year salary and a tax-free expense account of $50,000. Income taxes took $56,000, leaving him $94,000 a year to live on.

"Last year, however, Congress abolished the tax-free expense accounts, both for its own members and for the President and Vice President. Ike still gets $150,000, but it is all taxable, and the taxes run up to $95,000, leaving him about $39,000 a year less than President Truman received."

Representative Ostertag referred to another tax situation that Mr. Eisenhower is confronted with.

"The President," he said, "has a large and handsome collection of gifts from other governments and from admirers all over the world, some of which are made of precious metals and gems, and are of great value. It is a collection which any family would be deeply proud to own for generations to come. But

Ike's Problem After He Leaves The White House: Making a Living

Where Ike Stood Before Becoming President:

After-tax profit from his book, "Crusade in Europe," was	$476,250
Yearly salary as a General of the Army was	$ 19,542
On retirement, Ike was to get his general's pay, as a pension, of	$ 19,542

After Ike Entered the White House:

The right to a yearly pension was given up.	
A farm at Gettysburg, including modernizing, cost a total of	$283,000
Loss on operation of the farm reached an annual rate of about	$ 25,000

As President, Ike Is in This Situation:

The President's annual salary and expense allowance come to	$150,000
A modest investment income is taxed at around 63 per cent.	
After taxes and losses, Ike has left, according to unofficial estimate, approximately	$ 52,000
Actually, President Eisenhower is reported to have told a Congressman, expenses as President exceed his official income by	$ 25,000
Net result, is that Ike has had to cash some of his investments, not only to pay for his farm, but also to meet expenses.	

Looking Ahead to Private Life, This Is the Outlook:

Ike can regain his right to an Army pension, now increased to	$ 22,943
Personal investments will give him some added income.	
Farm's operating loss will need to be reduced or made up by income from writing or other sources.	

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[continued]

MR. EISENHOWER'S FUTURE

Ike explained that it will all go to museums on his death, because, he said drily, his family would go broke if they had to pay the inheritance tax on such a treasure."

Jobs for Ike to do. In the years ahead, after he leaves the White House, it is expected by Mr. Eisenhower's friends that he will be called upon by the nation to do many jobs and that he will gladly perform these jobs.

Again, however, that will pose problems for a retired President who does not enjoy large private means to start with. Tax laws at present make it much more difficult to earn enough money to pay private bills while performing public services.

Herbert Hoover is a former President of independent wealth. So was Theodore Roosevelt. Franklin Roosevelt would have been, but died in office. Calvin Coolidge wrote a syndicated column and served as director of a life insurance company. Woodrow Wilson, on leaving office, was troubled about his financial outlook. The mortgage on the home he bought was paid off by friends, and the ailing former President did work at home for a law firm in which he was a partner of Bainbridge Colby.

Harry Truman is reported to have saved nearly $250,000 while President, largely as result of the tax-free expense account of $50,000 that was provided for him by Congress. Mr. Truman since has sold his memoirs for a reported $600,000, to be paid in five annual installments. These payments are taxable as income so that the former President will realize from them only $168,776. The U. S. Treasury takes the remainder.

The tax hurdle. If President Eisenhower writes his memoirs, he will face the same tax problem that former President Truman has faced. This is due to the fact that, under existing tax regulations, the return would be taxable as income, not as capital gain. Return from the sale of Mr. Eisenhower's war book was treated as a capital gain, taxed at a maximum effective rate of 25 per cent.

Even before the days of income taxes, one former President had real financial difficulties. Ulysses S. Grant left the White House a poor man. His friends raised a purse of $250,000 for him. He lost this through bad investment. He then joined a brokerage firm. This failed in 1884 and Grant went into bankruptcy.

To pay his debts and earn a living he began writing his memoirs while dying of cancer of the throat. These memoirs, marketed by Mark Twain, were a financial success but Grant himself did not live to profit from them. Five months before General Grant died, Congress restored to him the rank of general, with its pay, but the reward was late.

Demands on ex-Presidents. Today's attitude toward the role and position of a retired President is far different from that of the past.

A committee of the U. S. Senate, proposing pensions for Presidents on leaving office, had this to say:

"Any man who serves as President by that very fact becomes an important public figure for the rest of his life. Whether or not he is thereafter called on for any official service, there are many demands upon him in the form of public appearances, correspondence and otherwise. These are legitimate demands and they should be met; but they can entail substantial expenditures.

"With all this, we expect a former President to engage in no business or occupation which would demean the office he has held or capitalize upon it in any improper way. There are many ways in which a former President can earn a large income, but ought not to. . . . We believe that a former President should take very seriously his obligation to maintain the dignity of that office insofar as it appertains to him for the remainder of his life. It follows that there is an obligation upon the Government to see that it is financially possible for him to do so without hardship to himself and his family."

President Eisenhower, looking ahead, is shaping plans to retire to his farm. As a farmer, his friends report, he will strive to be successful and "to make his farm pay—Ike wants to be a success in whatever he is doing."

Outlook: work. Before he can tackle the problem of making money in the purebred-cattle business, the President faces months of work in the White House. He has the tricky job of trying to remove himself from politics without letting loose a political circus in Congress and among Republicans who may aspire to his present office. Ike will be expected to take some part in the '56 campaign. He must try to put through the Congress that convenes in January a program of new laws affecting taxes, farm policy, labor policy, business.

President Eisenhower, in other words, has his work cut out for him, both for the year ahead and in the period after Jan. 20, 1957, when he will retire from office and go back to private life.

—United Press

1954: IKE VISITED HIS FARM
In retirement, he hopes to make it pay

WAYS TO SAVE NOW ON YOUR TAXES

Things to Watch: Gifts . . . Capital Gains . . . Medical Bills

Work things just right in the weeks ahead and you'll end up with extra cash to enjoy. Slip up, and the reverse may happen to you.

Tax planning is the key.

There are special angles to size up this year. Odds are a 1956 tax cut can mean added savings, if you act in time. The long rise in stocks can make a big difference. There are some new rules to watch, too.

You may need to give special attention to your contributions, medical outlays, gifts, capital gains and losses.

Extra cash from tax savings will not come to you—you have to go after it.

Time is beginning to run out on your chances to save money on 1955 taxes. You still have some weeks, however, to check the angles and take proper action. The time you spend on the task may pay off bigger than ever.

Two developments make tax planning particularly important this year. One is the long bull market in stocks. Thousands of taxpayers have big capital gains, in cash or on paper.

Tax reduction in 1956, all but certain, also is an important factor. A tax cut means that any income you can postpone until after December 31 will be taxed at next year's lower levels and, so, leave more after-tax income for you and your family to enjoy.

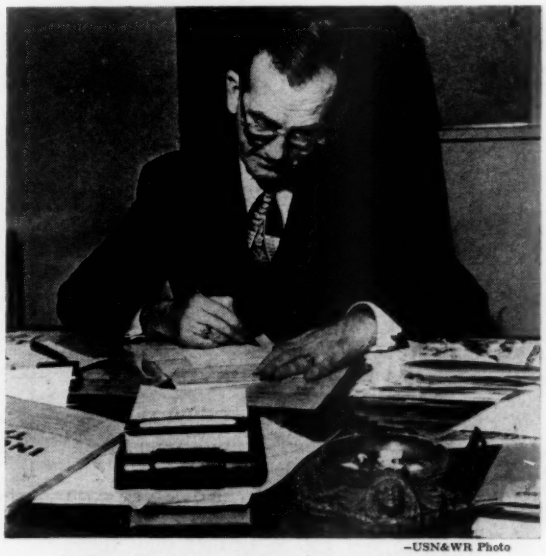
If you give the matter a little thought, you may be surprised at the number of ways in which you can delay receiving income, or speed up deductions. One way or another, many forms of income can be put off a bit, pushed over into 1956. And almost everybody can cram extra deductions into 1955.

Real caution is required in deferring income, of course. If you go overboard, you may find later that you have boosted 1956 income into a higher tax bracket. This is particularly true for taxpayers who look for sharply higher incomes in 1956 anyway. They may want to reverse the process—crowd income into 1955.

It's a mistake, too, to let tax angles dominate your plans. Other factors must be considered. The man who foregoes income in the weeks ahead, then misses it entirely, will be unhappy over his efforts at timing. Yet so will the man who gets married in January, then realizes he could just as well have been married in December and bought his bride a new car with the tax savings from splitting 1955 income.

Postponing income is easier for some taxpayers than others. If you are an independent businessman, you can put off mailing bills and statements until late December and ease up on your efforts to press delinquent debtors.

You can do those same things if you are a physician, lawyer, dentist, architect or other self-employed professional. You can, that is, if you can get along without the income for a while.



—USN&WR Photo

THE ANNUAL HEADACHE OVER TAXES
. . . still time to cut the bill

People in other situations can take somewhat similar actions. Farmers often can wait a while to market crops or livestock. Contractors can hold up completion of work and acceptance of payments. Salesmen can avoid closing deals until after the year end.

Income from interest, rent, royalties, dividends sometimes can be delayed.

This assumes you're a cash-basis taxpayer, counting income and expenses in the year payment is received or made. Even as an accrual-basis taxpayer, you can defer taxable income by slowing work and accelerating your own orders.

For corporations, of course, there is little prospect of a 1956 tax cut to prompt income delays.

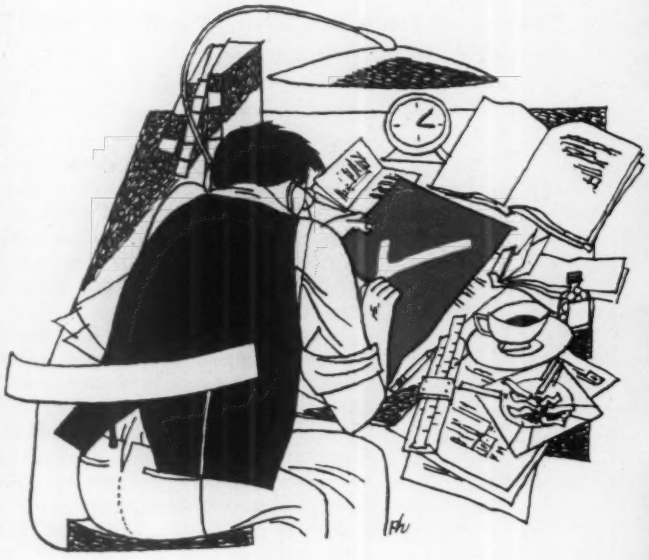
If your holdings of corporation stock or other capital assets have risen sharply in value, you will need to decide whether to sell out and take your gains now or push those gains into 1956. The market outlook, the size of your losses on some transactions, your other 1955 and 1956 income, all will have to be taken into account.

Deductions can be speeded in a variety of ways.

If you are in business for yourself, payment of outstanding business-expense bills before the end of the year will have the same effect as direct action to defer income itself. You may even want to anticipate some of your 1956 needs by paying for supplies, repairs and services that will not be used until 1956.

Farmers need to keep in mind that they are permitted to deduct amounts spent this year for feed,

TAXPAYERS' AUTUMN CHECK LIST



- **Odds on a tax cut in 1956 mean you will be taxed less on any income you can postpone until after December 31.**
- **Crowd into 1955 all possible expenses of the sort that can be deducted — deductions are worth more in 1955.**
- **Delay the sending out of bills — to defer income — but mail out checks before January for medical expenses and the like.**
- **You can give, each year, $6,000 to your wife and $3,000 apiece to any number of others without paying a gift tax.**
- **If your wife approves the gifts, you can give $6,000 tax-free to others — thus reduce your estate tax later.**
- **If you pay a Christmas bonus, checks mailed December 31 will be 1955 expense to you and 1956 income to your workers.**

seed, fertilizer, gasoline and the like, even though these items are not to be used until 1956.

The new rule allowing farmers to deduct expenses of soil and water conservation—up to 25 per cent of gross income—is important, too. There still is time for some work this year.

Even if you are not in business, you can crowd deductions into 1955.

First, you will want to pay outstanding bills for expenses that are deductible—medical costs, interest on debt, many State and local taxes, for examples. And it may be worth while to pay up now on some of your 1956 expenses.

It's often possible to prepay some of your interest charges. If you have pledged 1956 contributions to your church, the Community Chest, Red Cross or other charity, you may want to pay some of these in advance.

Your chief aim, however, may be to avoid bunching income in 1956—despite the outlook for a tax cut. If so, you can reverse these tactics, delay paying up on interest charges, doctors' bills, pledged donations and the like.

In all this, be careful not to push your 1956 income into a higher bracket.

Special devices may produce special savings.

Your family's medical bills offer an example. What you do on these is likely to depend on how much medical expense you already have had this year. Remember that you get to deduct only those medical bills that are in excess of 3 per cent of your income. If your income this year will be $10,000, and you see little prospect of paying out more than $300 on medical bills, defer medical expenses until 1956.

If you already have paid out $300 or more, then you have a chance at some tax savings. The new eyeglasses or those stronger lenses that you need can be bought to advantage now. Any drugs or medicines that your family needs, routinely, can be purchased in extra supply. Dental work that you or your family needs can be undertaken before year end.

In this situation, it even makes sense for many families to give consideration now to expensive surgical operations that have been postponed.

But note this: If either you or your wife will reach age 65 during 1956, it probably will pay you to put off medical expenses until after the year end. All your

Gifts of income-producing property to your children will cut future taxes on family income — and on your estate.
This year, for the first time, you can buy a house to be owned jointly with your wife without risk of a gift tax.
If you donate to charity a capital asset that has risen in price, you deduct full value, pay no capital-gains tax.
If you buy your wife a car for Christmas, put it in your name unless you want it to be a taxable gift.
Where you sell a capital asset you've held more than six months, half the gain is taxed — with top rate at 50 per cent.
If you plan to get married soon, consider a wedding before year end — and income-splitting privileges on 1955 income.
With stocks up in price, you may want to sell and take the gains now — particularly if you have losses to cancel gains.
There's still time in 1955 for farmers to incur deductible expenses for soil and water conservation.
If you sell at a profit, you can buy the same stock again and start over with a new basis of value for tax purposes.
Family-owned corporations now can defer dividends, keep more of profits for growth, with less risk of tax penalty.
If you own stock that has dropped in market price, consider selling now to cancel your gains on other sales.
Time is short for you to use your 1955 gift-tax exclusion in buying your wife an insurance policy on your life.

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eligible medical expenses—not just those over 3 per cent of income—will then be deductible in 1956.

For charitable contributions, you may want to donate property instead of cash if you have property that has risen in value. Some high-income taxpayers may find that it is cheaper to donate assets than to sell and keep the cash.

The reason is that, in donating an asset that has risen in **value, you are** permitted to deduct the full market value, but you will pay no capital-gains tax on the rise in value. The long bull market in stocks makes that particularly significant right now.

Assume, to illustrate, that you are in the highest bracket of incomes. You own shares that, bought years ago at $1,000, now are worth $5,000. If you sell now—taking this transaction alone—you will get back your $1,000 cost tax-free. But the tax collector will take $1,000 of your $4,000 profit, leaving you a total of $4,000 from the sale.

Now assume you donate the stock to charity. The resulting $5,000 deduction will reduce your income tax by $4,550. You make $550 more by giving the stock away than you do by selling it.

To be sure, not all taxpayers will come off so well using this device. Lower-income taxpayers will not make an actual after-tax profit on a donation. Yet they will find that the cost of the contribution is reduced, perhaps sharply.

Taxpayers who use this idea can buy back the same shares in the market if they want the stock in their portfolios. Then, if they sell later, in figuring profits, the new cost will be the higher market price of today.

Corporations, too, can use this device. Take this same stock that has risen in value from $1,000 to $5,000. Sale will bring $4,000 after taxes. But donation of the shares will cut the firm's income tax by $2,600. Net cost of the $5,000 donation is only $1,400.

If, by the way, you already have donated the maximum that can be deducted, and still want to contribute more, you can do it by setting up a temporary trust. Just transfer income-producing property to the trust, with the provision that the income will go to your favorite charity for two or more years. After that, the property can return to you.

Your exemptions—now officially called "deductions"—also may need atten-

[continued]

WAYS TO SAVE NOW ON YOUR TAXES

tion at this time of year. They are worth $120 to $546 apiece in tax savings. It pays to make sure you don't lose any.

If, for example, one of your dependent parents or in-laws has some income, you must make certain you are contributing more than half the dependent's support. Say your mother draws $1,000 from Social Security, and you have contributed only $800 to her support this year. You must put up a bit more than an additional $200 in order to claim her exemption. As an alternative, you can see to it that she banks part of her Social Security pension, instead of spending it.

Gift taxes also need special attention at this time of year. You are permitted, in disposing of part of your estate in order to reduce estate taxes, to give away some money tax-free. You can give $6,000 a year to your wife. And you can give, each year, $3,000 apiece to any number of others—$6,000 to each one if your wife consents to the gifts.

You also have a lifetime exclusion of $30,000 for gifts, but there's no year-end rush on this. It is the annual exclusions that must be used up each year if they are to be used at all.

Point is that you still have time to make use of one or more of your 1955 gift-tax exclusions.

You may find it pays to give property, instead of cash. If you give income-producing property to your children, you will reduce your estate tax and your family's income tax as well. The income will be taxed at your children's low-bracket rate, instead of your high-bracket rate.

The new rule on life insurance may help you now. If you buy a policy on your life and sign it over completely to your wife as a gift, the new rule says that the value of the policy will not be included in your taxable estate at your death. All of it will be available to pay your estate tax, or for other purposes. If you start paying premiums now, you may be able to buy a sizable policy, using some or all of your annual gift-tax exclusions to avoid taxes on the resulting gifts to your wife.

Capital transactions—your purchases and sales of corporation stock and other assets—are important in year-end tax planning. This is particularly true in 1955. The stock market has had a long rise in recent years, and a sharp shakeout in past weeks. Many people are in a position to take gains or losses before the year end.

If, for example, you already have sold stock this year at a profit, you may want to cancel some of your gains by taking losses that you count on having to take sooner or later. Or, if you have taken heavy losses on some sales, you may decide to "use up" some of those losses by taking some profits.

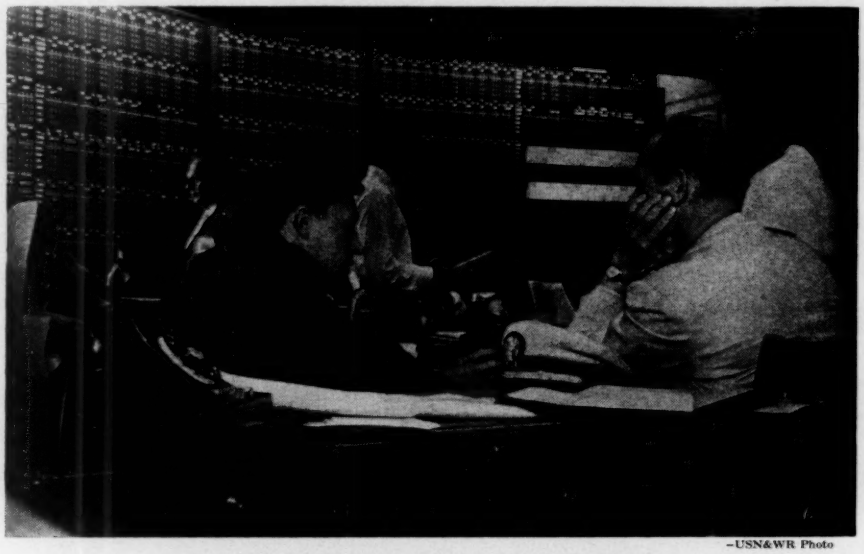
General idea is to even up your gains and losses—or to establish losses equal to your gains plus $1,000. That extra $1,000 of losses, over gains, can be used to cancel out $1,000 of your ordinary income this year. If you still have "excess" losses, you can carry them forward to cancel out capital gains and as much as $1,000 of ordinary income each year. Note, however, that you cannot carry losses forward for more than five years.

Before deciding what action is required before the year end, figure your present position. Go over the sales you already have made this year to see how gains and losses balance. Then check your holdings to see what they offer in the way of further gains and losses. Don't overlook any capital losses you have carried over from past years.

And remember this: In figuring your position, you need to keep your long-term and short-term transactions separate until the final computation. Long-term gains and losses are those taken on the sale of an asset you have held for more than six months. The distinction is important because only half of any net long-term gain is taxed, and then only at rates up to 50 per cent. Net short-term gains are taxed like ordinary income, at ordinary rates.

If you decide to unload some shares at a loss, to offset gains, remember that you will not be permitted to claim that loss if you buy shares of the same stock in the market within 30 days. You can, however, buy stock in a similarly situated company in the same industry and be in a comparable position.

Sales of business property—buildings, machinery, farm property and the like—get a special rule that may be helpful to you. Sale of business property held more than six months will result in an ordinary loss if your losses exceed your gains. But note this: The sale will result in a long-term gain if your gains exceed losses. Remembering that long-term gains are taxed at a lower rate, you may want, in disposing of long-term property, to sell "loss properties" in one year, "gain properties" in another.



—USN&WR Photo

BULL MARKET MAY MEAN TAXABLE GAINS

. . . but there are ways stockholders can save

In your Christmas shopping, note that a new car for your wife will be a taxable gift if put in her name.

A new rule, though, says that you now can buy a home to be owned jointly with your wife without incurring gift-tax liability. Until now, you couldn't.

If, as an employer, you have a Christmas-bonus plan in effect before year end, you can pay it after the end of the year and still count it as a 1955 deduction. If not, you may want to mail bonus checks December 31 to make the payment 1955 expense to you but 1956 income to employes.

These are only examples of tax savings you may find with a bit of study.

heavy-duty beauty with smooth-as-silk performance

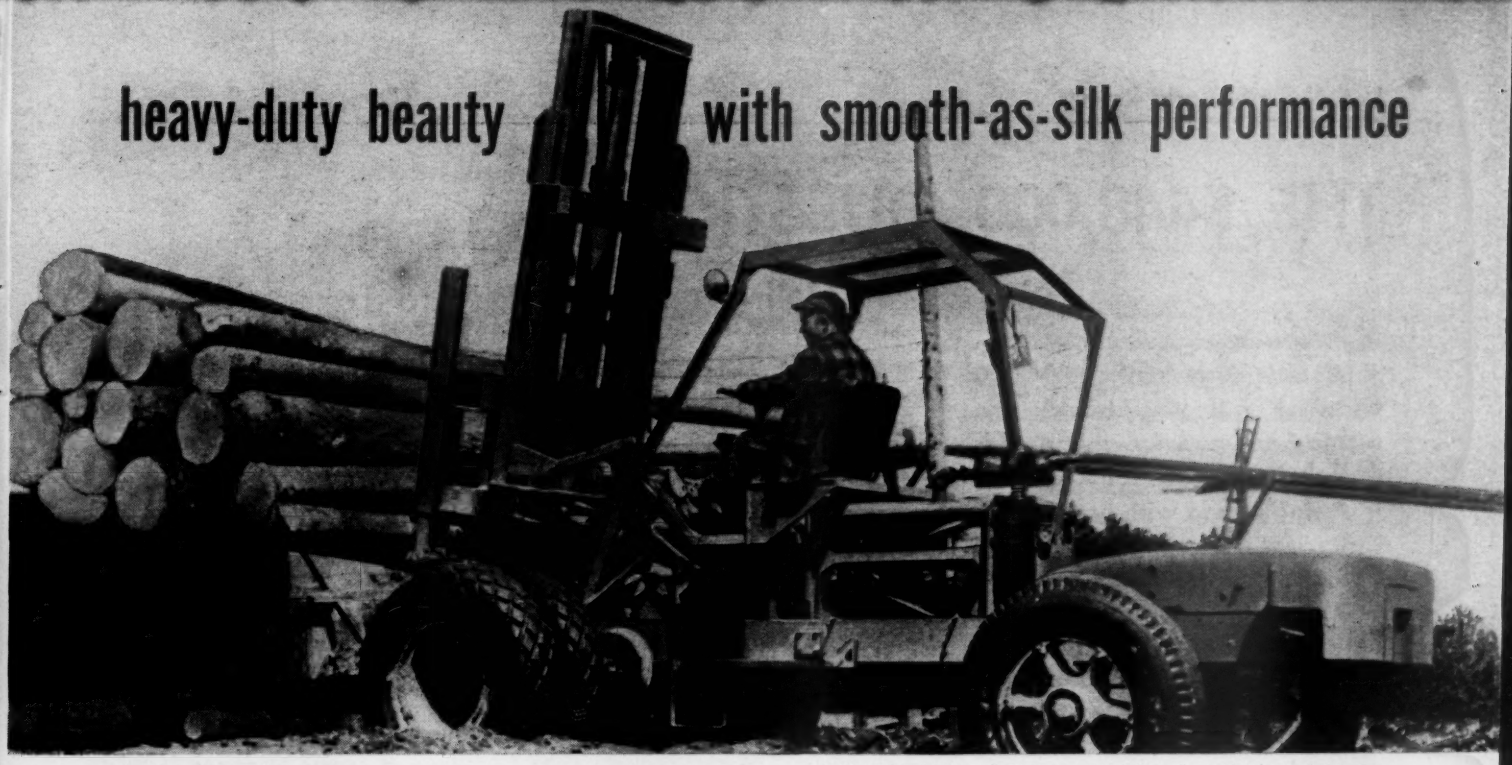


PHOTO COURTESY SILENT HOIST & CRANE CO., INC., BROOKLYN, NEW YORK

Chrysler Horsepower and gýrol Fluid Coupling team up nicely in 15-ton fork lift truck

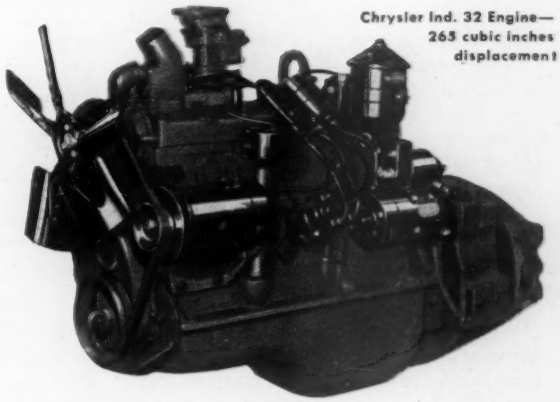
This fork lift truck is no "prima donna," but it is a heavy-duty beauty . . . with a load capacity of 30,000 pounds. It's a Silent Hoist Liftruk, Fork Truck Model FK 15, here pictured bringing logs to a New Hampshire sawmill. Neither mud nor rough, rocky terrain will hang up this unit in the performance of its job. From his seat, the operator easily controls lift, tilt and travel components.

Front wheels do the driving, are mounted on "dead" axle which carries full weight of truck and fork load. Rear wheels steer the vehicle. Liftruk pictured is equipped with extra-tough deep-groove tires and the driver is protected with optional overhead safety guard.

Power for Liftruk Model FK 15 is supplied by the action-packed, *action-proved* Chrysler Ind. 32 Engine. This lightweight, compact 265 cubic inch displacement engine drives the hydraulic system which operates load mechanism and the travel components which move the entire vehicle at speeds up to 12 miles per hour. Chrysler gýrol Fluid Coupling connects engine and four-forward-speed transmission, simplifies driver operation, eliminates shock overload and assures longer life for engine, transmission and equipment.

Users of heavy-duty, self-propelled equipment . . . in lumber as weli as in every other industry relying upon fast movement of materials . . . prefer equipment powered by Chrysler. That is why manufacturers, like Silent Hoist & Crane Company, offer Chrysler-powered equipment. They can order their engines factory-equipped with any of a large number of special items, including the New Chrysler Industrial Torque Converter with built-into-the-housing speed control device.

Chrysler Industrial Engines are not expensive. Production-line methods adapted to specialized industrial engine building provide custom-built engines at mass-production prices. See a Chrysler Industrial Engine Dealer, or write: ***Dept. 411, Industrial Engine Division, Chrysler Corporation, Trenton, Michigan.***

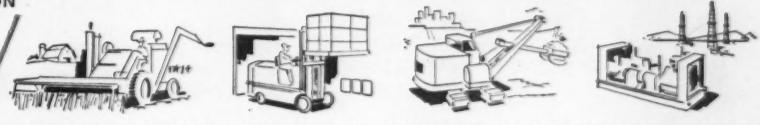


Chrysler Ind. 32 Engine—
265 cubic inches
displacement

CHRYSLER *Industrial Engines*

INDUSTRIAL ENGINE DIVISION • CHRYSLER CORPORATION

HORSEPOWER WITH A PEDIGREE



AGRICULTURE • INDUSTRY • CONSTRUCTION • OIL FIELDS

THE $448,000 QUESTION—

Why It Doesn't Pay to Take a Big Risk

Would you go for the "$64,000 Question"? If you should, you would find you were giving odds to the income tax collector.

A single man with no other income, for example, could keep $18,532 if he answered the $32,000 question. But he would keep only $27,808 if he won the $64,000 prize.

Businessmen face similar odds when they run risks. Salaried people, too, learn that pay raises are not what they seem.

Under today's tax laws, it would take a $448,711 question to give an ordinary man $64,000 he could spend.

The "$64,000 Question" on a popular television program turns out to be something far less than that because of federal income taxes. The question, if answered successfully by a single person with $4,000 of regular income, means only $25,308 to the winner.

It takes a $197,892 question to give a married man a take-home prize of $64,000. This assumes that he, too, has a regular income of $4,000 and only a wife as a dependent. If either the single or married man has added income, the return from the prize becomes still smaller.

Television's "64,000 Question" serves to highlight these points:

- Taxes, as now designed, make risk-taking extra hazardous. Win, and the Government insists on taking a big slice. Lose, and you lose alone.
- A pay raise, once a person's income becomes substantial, is not what it seems to be. The Government often takes an enormous slice.
- Bachelorhood becomes expensive to the man who gets into a high range of income. There are many advantages, from a tax viewpoint, for a married man.
- The tax collector gets quite greedy when incomes go above average.

Taxes are so designed that they put a penalty on success. Failure, at the same time, still carries a hazard. The tax collector insists on sharing in success up to 91 per cent of a gain in income, but refuses to allow losses beyond $1,000 a year for five years.

In other words, under today's tax laws, venturing loses much of its appeal.

Diminishing odds. The "$64,000 Question" on television points up the hazards. If you had no other income at all and won $8,000, you would be allowed to keep $6,460. Then, if you tried for the $16,000 question and won, you would be allowed to keep $11,552. And right there you would begin to give odds to the tax collector if you continued the game.

A successful try at the $32,000 question would yield $18,532. In other words, you would be risking a sure $11,552 to win an additional $6,980.

A superhazard emerges should you try for the $64,000 question. At most, you could win $27,808. In other words, you would be risking $18,532 to win an additional $9,276.

That's giving two-to-one odds for a try at the grand prize.

These examples are based on a single person without any other income, taking standard deductions. Actually, the odds grow longer when people have regular incomes of their own, as most people do. That explains why so many people in this television quiz game refuse to take a chance at the top prize. They would be working harder for the tax collector than for themselves.

Similar situations crop up all the time in everyday life.

Consider, for example, a single man who has been earning a net income of $25,000 a year and wants to go into business for himself. Say he has saved $50,000 to invest in a business of his own. Suppose, then, that he manages to push his net income up to $50,000 a year. This risk-taker would not make much. His $25,000 earnings, after taxes, came to about $15,204. His $50,000 earnings from his own business would be cut by taxes to $23,612.

On the other hand, if the venture fails, the fellow who takes the risk can deduct only $1,000 a year from future earnings for five years—a total of $5,000.

Chances are that, with this "heads I win, tails you lose" tax proposition, many ventures are discouraged.

When it comes to raises in salary, tax penalties on success show up again. For a single person, as the table on this page shows, it is extremely difficult to get a raise that will yield as much as $5,000 after taxes, once a man gets his income into the $10,000 bracket.

The obstacle here, as in television prizes, comes from the fact that the tax collector claims a high and sharply rising share of incomes that get very far above average. The income tax starts at 20 per cent of income subject to tax. For a single man, this applied to all income above $600 a year, after deductions.

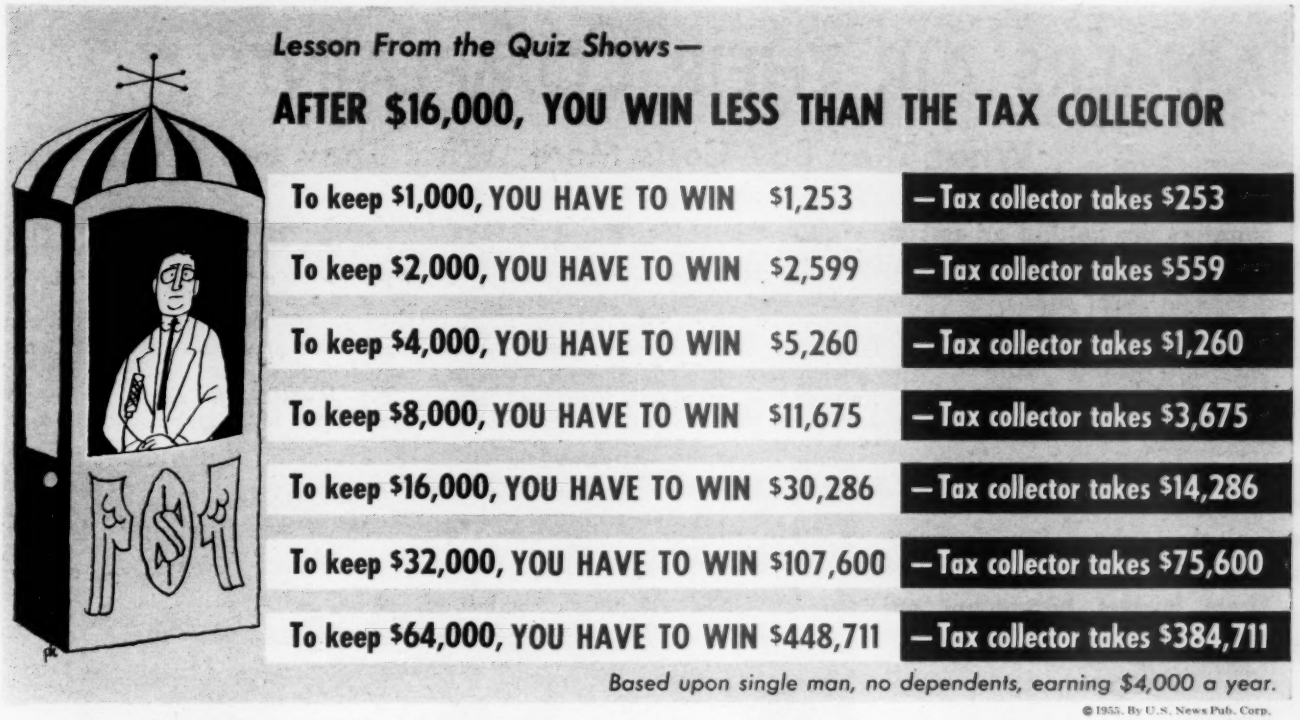
From this point on, the tax rates take a steep climb. For a single man who has a taxable income of $6,000, any additional earnings are taxed at 30 per cent—nearly a third. At $16,000, the rate goes to 50 per cent. That means that, of each additional dollar, the tax collector gets

A BIGGER JOB—IS IT WORTH THE TROUBLE?

Here is what taxes do to an executive who takes a new job:

If he now earns—	And gets a raise of—	After taxes, he keeps this much of his raise—	
		Single	*Married, with 2 children*
$ 10,000	$ 5,000	$3,094	$3,756
25,000	10,000	3,836	5,676
40,000	15,000	4,266	6,474
60,000	20,000	4,196	7,198
85,000	25,000	3,280	6,994
125,000	40,000	4,266	8,104
175,000	50,000	4,766	6,320

Note: Figures assume the standard deductions—10 per cent of income, with a limit of $1,000.


Lesson From the Quiz Shows—
AFTER $16,000, YOU WIN LESS THAN THE TAX COLLECTOR
To keep $1,000, YOU HAVE TO WIN $1,253
—Tax collector takes $253
To keep $2,000, YOU HAVE TO WIN $2,599
—Tax collector takes $559
To keep $4,000, YOU HAVE TO WIN $5,260
—Tax collector takes $1,260
To keep $8,000, YOU HAVE TO WIN $11,675
—Tax collector takes $3,675
To keep $16,000, YOU HAVE TO WIN $30,286
—Tax collector takes $14,286
To keep $32,000, YOU HAVE TO WIN $107,600
—Tax collector takes $75,600
To keep $64,000, YOU HAVE TO WIN $448,711
—Tax collector takes $384,711
Based upon single man, no dependents, earning $4,000 a year.

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50 cents. And this 50-50 sharing doesn't continue for long. At $18,000, the tax collector's claim rises to 53 per cent. When the salaried man gets to $50,000 in taxable income, the tax bite goes to 75 per cent.

When a man climbs high in executive ranks it becomes all but useless to try to add to salary income. The table shows that, at $175,000 a year, a whopping raise of $50,000 will net only $4,766 for a single person. The reason is that in the top brackets, tax rates amount practically to confiscation. On taxable income above $100,000 the rate is 89 per cent. It is 90 per cent at $150,000 and 91 per cent on all income above $200,000.

These tax rates are generally believed to put a damper on ambition. Apparently it takes more than the promise of a substantial salary raise to persuade an executive to move from one job to another. The junior executive, or a man in a secondary position, may even hesitate to accept a promotion. The higher pay he would realize, after taxes, might be too small to tempt him to take on heavier responsibilities.

The trend toward mergers also is promoted by high taxes. A man who starts a small business, and makes it grow, soon finds that most of his higher income is eaten away by taxes. The temptation is great, therefore, to sell the business to another concern because the profit on the sale would be taxed at no more than 25 per cent, as a capital gain.

Married people are treated a bit more gently by the tax collector because they are allowed to split their income for tax purposes. This has the effect of keeping family incomes in lower tax brackets. At $20,000 of taxable income, for example, the single man is at the threshold of a 56 per cent rate, the married man at 38 per cent.

The tax cost of bachelorhood is shown in the table on this page. A single man with an income of $6,000 a year pays a tax that is $204 higher that the tax on a married man with the same income. This spread widens as incomes go up the scale. A single person with a $500,000 income pays $25,726 more in taxes than his married counterpart.

IF YOU STAY SINGLE—
YOU PAY A TAX PENALTY

At this income—	Added tax on unmarried person is—
$ 6,000	$ 204
10,000	460
15,000	1,042
25,000	2,862
55,000	7,394
85,000	11,664
125,000	17,322
225,000	23,182
500,000	25,726

Note: Figures assume the standard deduction—10 per cent of income, with a limit of $1,000.

The tax on single persons, in fact, is about as high as during the years of World War II, whereas the tax levied on married persons has been reduced since that time.

Nevertheless, taxes are high on married persons, too. A raise to the married man with two children means more than a raise to the single man, but not a great deal more. At $25,000, for example, a $10,000 raise would bring the family man only an additional $5,676, whereas the single man would realize $3,836.

Business decisions. These examples explain why tax considerations often dominate the decisions that both businessman and individuals are called upon to make. A pension often is preferred to a salary increase. An expense account might be more attractive than a higher salary. Business mergers have been negotiated simply to get losses that can be offset against profits, and thus reduce tax payments.

Even Congress recognizes that taxes are too burdensome. That is why so many special deductions and exemptions have been written into the tax laws. Families with extremely high medical expenses are given some tax relief. There are special exemptions for retired persons. Some tax credit is given to people who get income from dividends. Working mothers also get tax relief.

These relief provisions in the tax laws become more complicated and more numerous with each new tax law. They are signs that much more than the "$64,000 question" is involved in tax policy.

FARMERS AIR THEIR COMPLAINTS

What They Buy Costs More, What They Sell Brings Less

Senators are getting an earful of complaints from farmers, at hearings in rural areas.

Growers are bringing in their books and citing reduced incomes, slim profits, losses, failures.

Government, politicians, labor, business, all come in for a share of blame when the farmers speak out.

There is less agreement on what to do about the problems.

BROOKINGS, S. Dak.

The prairies, as of now, are not afire with revolt over the decline in prices of farm products. On the surface at least, most farmers remain calm in the face of politicians' growing alarm over the farmers' plight.

Senators, both Republican and Democratic, sounding out sentiment among farmers did, however, find widespread unhappiness over shrinking farm income.

In Minnesota, Iowa, South Dakota and North Dakota, the stories that farmers tell are much the same. Prices of things the farmer sells are down. Prices of what he buys are going up. The squeeze is painful, especially to those who have poorer land, little capital or heavy debts. But farmers as a group appear not yet to be in a mood of organized revolt. They still are divided and uncertain about what the Government should do to help.

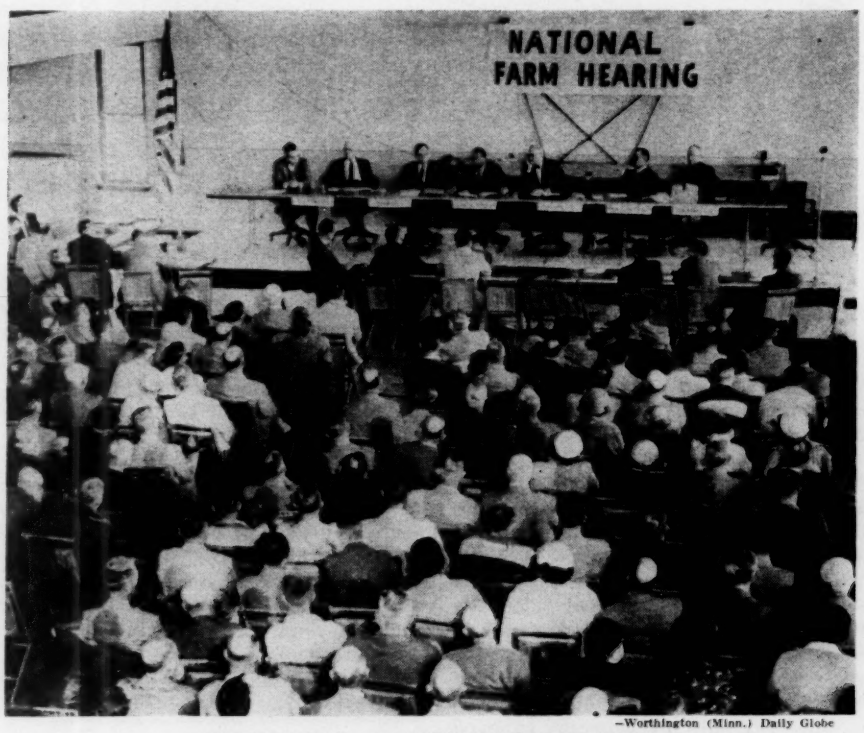
A growing feeling that the Government should do something more than it now is doing is evident—there is no doubt about that.

Part of the explanation for the relative calm may lie in good years of the recent past.

Farmers well equipped. At Worthington, Minn., for example, there were 120 cars parked around the courthouse where Senators were holding their farm hearings. Of these about half were 1953 or 1954 models; there were a few 1955 models. More than half were Fords, Chevrolets or Plymouths. But there were also 9 Chryslers, 11 Buicks, 9 Oldsmobiles, 9 Pontiacs and 2 Packards.

This is rich farming country. And possibly some of those cars were easier to drive than to pay for. The manager of the local Production Credit Association had this to say:

"No doubt about it, a lot of farmers are pretty badly hurt. They're trying to pay now on machinery and cars bought months ago, with hogs down to 13 cents a pound. It looked easy when hogs were 26 cents. Now it's hard."



—Worthington (Minn.) Daily Globe

THE HEARING AT WORTHINGTON, MINN.
Parked outside: a handsome array of cars

About those late-model cars? "Credit's been too easy. Like everybody else, they've got used to going in and putting it on the cuff, not only for cars but machinery and everything else. It's hard to cut back."

Peter S. Jensen, farmer from Holloway, Minn., gave the Senators some figures on equipment bought in his county from 1950 to 1954. Included were 949 tractors, 215 hay balers, 673 combines, 343 freezers, 366 television sets. Estimated cost: $5,080,000, or an average of $2,993 each for the 1,723 farms in the county. Add autos and other equipment, and the total would come to $4,000 apiece, Mr. Jensen estimates.

"That does not look like our farmers are going broke," Mr. Jensen said, adding, "I also called on three of our local bankers. They all agree that deposits are at a fair level with the past three years. I called on our county auditor and found out that we have less than 1 per cent delinquent taxes in the county."

Big investment, small profit. A Spirit Lake, Iowa, farmer, Ed Blackert, farming 280 acres of rich land, told this story:

"The price [of hogs] in my home-town market today was $12.75 a hundredweight. I think the average farmer can produce hogs for around $12. That's figuring corn at around $1.30 a bushel. The $12 just covers feed cost and doesn't leave anything for your labor and investment. But, if you've grown your own corn, you get some profit. . . .

"My income this year will be about half the average since 1948. That average has been around $9,000 a year," said Mr. Blackert. He didn't ask more federal help—he wants the market kept free.

Mr. Blackert's investment stacks up this way: $77,000 in land and buildings,

—McManigal

IN MINNESOTA, DAIRY FARMING WAS LESS PROFITABLE

Some said they ". . . keep on milking more cows to try to make up for the lower prices"

based on appraised value of $275 an acre. He has $20,000 in machinery and equipment. Breeding stock is valued at around $12,000, and he has $7,000 in cattle now being fed. Total investment is at least $116,000.

If the Blackert farm yields a profit of $4,500 this year, that will be a return of less than 4 per cent—without allowing anything for the farmer's own labor and that of his family. An auto worker, with no investment, can do better.

Mounting costs. Many farmers seem to be angered more by rising costs than they are about falling farm prices. R. C. Juhl, a big producer of hogs from Luverne, Minn., explained it this way:

"Farmers are heavy buyers of machinery, power, fuel, lumber, wire fencing. Labor is one of the largest costs in things the farmer buys. When Congress raised the minimum wage to $1 an hour, which meant a boost in wages all up the line, the farmer was put at a greater disadvantage than ever. Living cost had started to go down, when Congress voted this wage increase. Since then, it has started to increase again.

"A survey by one farm organization shows that farmers are receiving about 30 cents an hour for their labor. How can anyone expect these farmers to purchase goods manufactured with minimum wages at $1 and many laborers receiving $2 or more per hour? It just can't be done."

David E. Noller, a young farmer at Sigourney, Iowa, complains: "The thing that hurts most is the fact that in 1948 I bought a tractor with the proceeds from 37 hogs. That tractor needs to be replaced now, and it will take all the revenue you can muster from 138 hogs at today's prices to swing the deal."

Farmers in trouble. While financial problems are not threatening the existence of most of these farmers, there are exceptions.

The Farmers Home Administration, which makes loans to farmers not able to get loans elsewhere, put 22 young farm-

—USDA

IN IOWA, HOGS WERE SELLING FOR $12.75 A HUNDREDWEIGHT

One farmer figures it took 37 hogs to pay for a tractor in 1948; and it takes 138 hogs today

[continued]

FARMERS AIR THEIR COMPLAINTS

ers out of business last year around Worthington, Minn.

Stories of farmers in areas where land is less rich reveal more bitterness.

Dairy farmer James Whittaker, from north of Duluth, said this:

"Many farmers in our area have had to quit farming and go into industry. Because they leave their land, there is a decrease in income. We have had to get an emergency appropriation from the State to keep our schools open. The farmer is not getting a fair break."

Mr. Whittaker cites this record of his local co-operative creamery: "This creamery had 735 patrons in 1950. Today it has only 461, even though it is collecting cream from a greater area. Gross income [for farmers patronizing the creamery] only averaged $1,471 in 1954. Now, that is the main income of these farmers. How can they live on that and pay expenses?"

Kenneth Jones, of Hawick, Minn., told a story that was echoed by others, of trying to offset the drop in farm price by increasing production, only to find himself worse off than before. The idea of the Republican Administration has been to let prices drop through flexible price supports, thus discouraging output. But hear how the Hawick dairy farmer reacted:

"In 1952 I was milking nine cows and my net income was $2,601. In 1953, I increased my milking herd to 11 cows and my income dropped to $2,137. In 1954, I increased to 13 cows to try to keep my income up and it dropped to $1,679. The only thing I can see to do is keep on milking more cows to try to make up for the lower prices."

Gordon Klaempkin, of Glencoe, Minn., is another who tried that tactic. He had 10 milk cows in 1953 and 17 in 1954. "By the end of this year, I'll be up to 19 cows," he said, "but if the price I get for my cream keeps dropping and the price of the things I buy keeps rising, I'll have to get out of business."

Ray Poxleitner, who farms 240 acres north of Bemidji, Minn., figures his farm costs, plus living expenses, add up to $1,000 a year more than his income. "I mean we're living up our reserve," he says.

New federal plan? Significant trends in farm opinion on what to do about the problem show up in the hearings.

For one thing, there seems to be less talk than formerly about the merits of high vs. low price supports by the Federal Government. Farmers seem to be coming to feel that price props, high or low, are not going to be a solution.

—McManigal

FARMERS TALK IT OVER
So far, no mood of organized revolt

Prices today are falling, in the face of Government supports that have resulted in a federal investment, in loans and purchases, of more than 7 billion dollars.

Interest is growing in other plans that promise a more direct federal aid to income, especially what is known as the "soil-fertility bank." Under this plan, Government would pay farmers to take land out of crop production and devote it exclusively to soil-building plants.

The argument is made that a greater area of rich land will be needed, in years to come. Also, many farmers feel this would be fair compensation to them for doing their part to eliminate the present surpluses.

Howard Hill, president of the Iowa Farm Bureau Federation, urged that approach. So did H. E. Slusher, president of the Missouri Farm Bureau Federation, and other farmer witnesses.

There seems to be no definite idea how much payments to farmers might cost under that plan. Some advocates suggest only that the Government pay enough to cover taxes on diverted acres, plus cost of seed for soil building.

Mr. Hill said the payments should be figured at 5 to 7 per cent of the "productive value" of the land taken out of production. In rich Iowa country, this would mean $15 to $25 per acre, he said.

Total cost, according to Mr. Hill, would be at least 500 millions a year, possibly as much as a billion dollars.

Agriculture Secretary Ezra Taft Benson has shied away from the soil-fertility plan thus far, because of its cost. Growing sentiment among farmers may alter federal thinking, however.

An alternative, suggested by many, is the so-called Brannan plan, named for the former Democratic Secretary of Agriculture, Charles F. Brannan. His idea was to let prices of such perishable crops as butter and pork fall freely without federal support, then give farmers checks to bring their income up to a fair "level."

Next: Some new plan? Farmers, in their troubles, seem to be moving toward some kind of new federal program. Their irritation is mounting, the hearings indicate.

There were witnesses who blamed the farm problem on "politicians" generally, others who criticized business or labor, still others who attacked Mr. Benson. A newspaper poll in Minnesota showed sentiment turning more strongly against him.

Yet, farmers as a group are not sufficiently aroused to unite at this time on any proposed cure-all. That is what the Senators are finding out on their tour of the farm belt.

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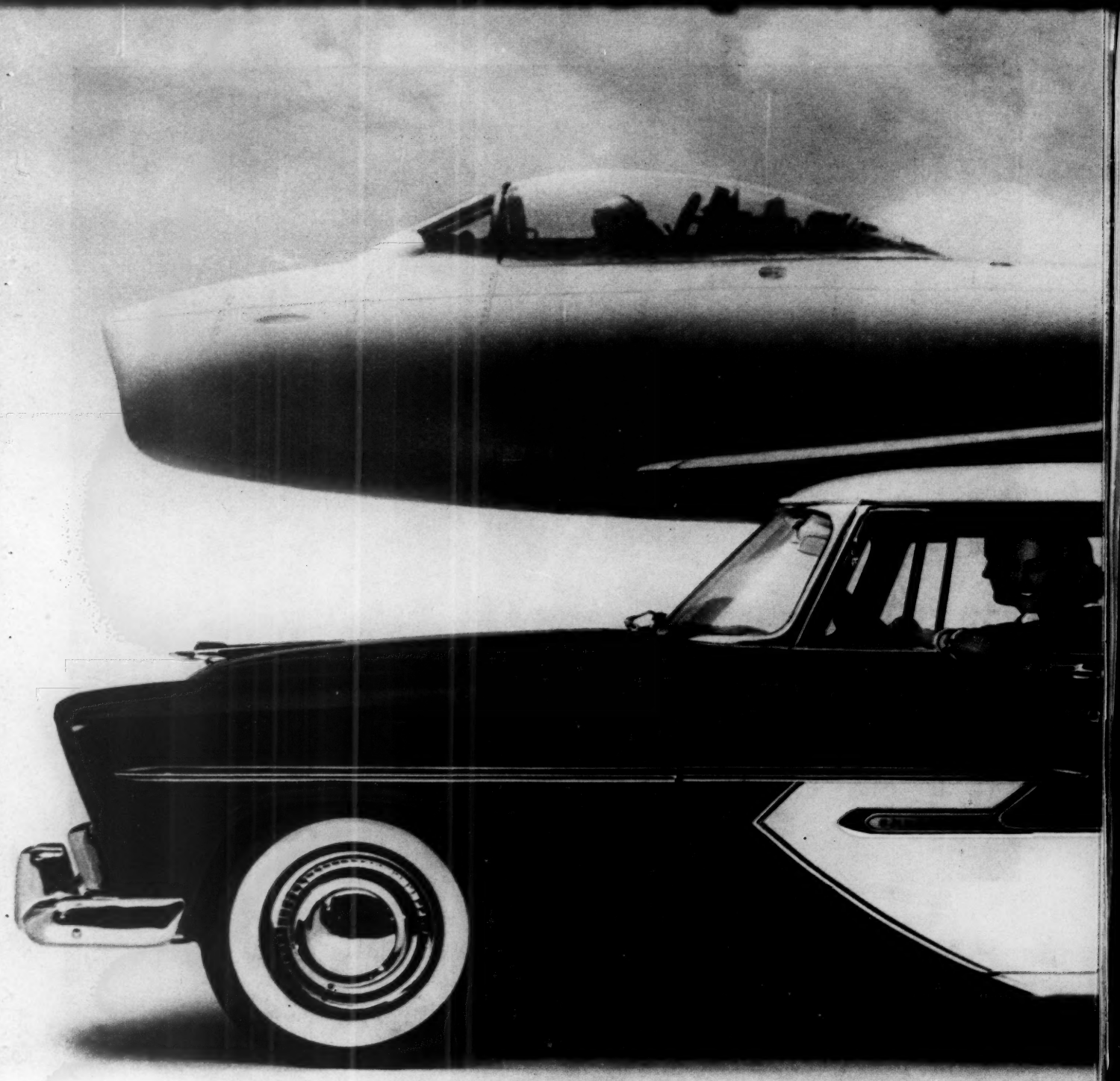

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One Price That Keeps Going Up

Newsprint Has Jumped 118 Per Cent Since End of War

Inflation gives evidence of spreading through many industries.

The price of paper is going up again, another major material joining the upward march.

In the paper industry you see a picture of what the boom is doing to costs and profits.

Price inflation, supported by booming demand, is pushing up the cost of one more big item everybody uses—paper.

The chart on this page shows what has happened to demand and price of one of the commonest types of paper, newsprint. Newspapers now are being asked to pay $131 per ton, plus freight from New York—up from $126 recently.

That boost follows increases for other types of paper used in such things as shopping bags, boxes, books and magazines.

Paper thus is playing a part in the general advance of prices charged by manufacturers. Steel, copper, aluminum, lead, zinc, rubber and many products made from these materials cost more than they did a year ago, though in some cases prices have come down from their peaks.

Except for two factors, the public would be feeling a higher cost of living: Farm prices continue to decline; food becomes cheaper. And competition forces retailers to absorb some price increases.

The American Newspaper Publishers Association says the higher cost of newsprint will mean higher prices to newspaper readers, higher rates to advertisers.

Case study in inflation. Newsprint is an example of what happens today when booming demand bumps up against a supply that is less than ample.

Federal figures show that publishers' stocks of newsprint are about 20 per cent smaller than a year ago. Some papers complain of trouble in getting all the supply they want.

With business spending a record amount on advertising, the newspapers have gotten bigger, using more paper. Imports from Scandinavia have fallen; Swedish and Norwegian paper companies are finding a ripe market in other countries.

There is a good chance, U. S. officials say, that demand will increase and world supplies will get tighter. Britain is expected to increase imports after next March, when the British Government will end controls on the amount of newsprint publishers there can use.

Impact on prices, profits. Result is that the newsprint price has risen more than prices generally.

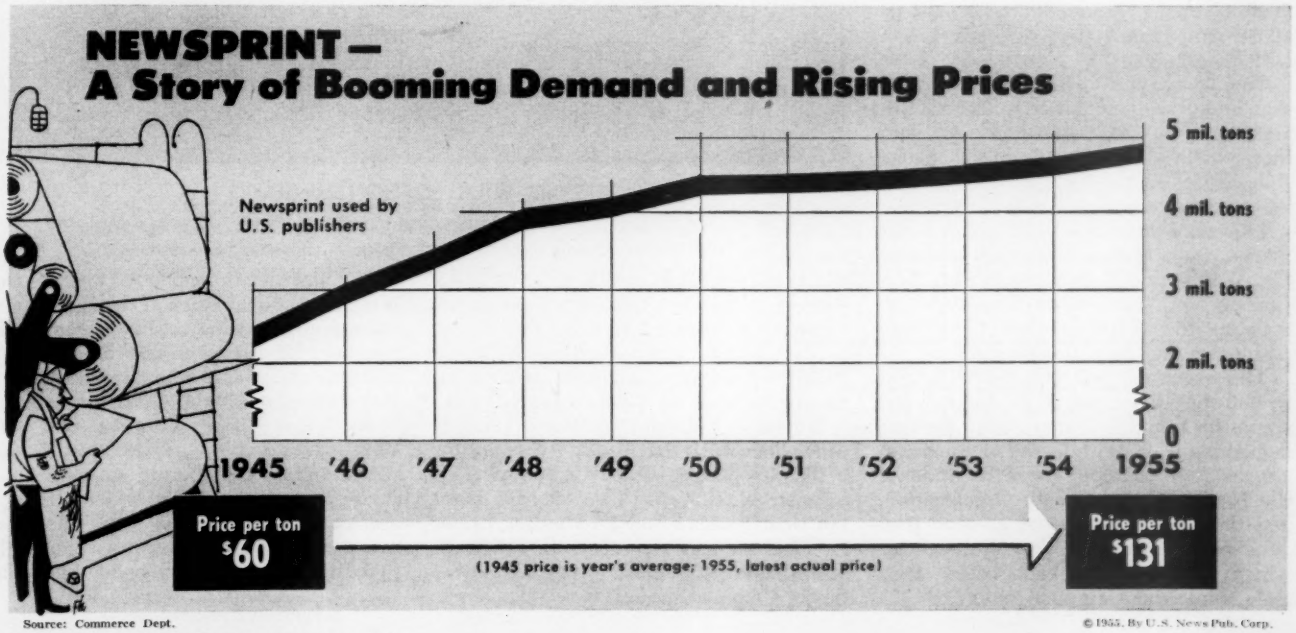
Newsprint today costs 118 per cent more than it did in 1945. Meanwhile, a Government index shows the general level of paper prices has risen 81 per cent and industrial products, including metals, have risen 66 per cent.

The latest increase in newsprint price amounts to 4 per cent. Paper generally has increased less than 3 per cent; industrial prices on the whole have risen 3 per cent this year.

Cost of making paper has gone up, paper companies say. Wages have risen. Pulpwood costs more than it did. Large sums are being spent on new plants.

Profits also have gone up. For 16 major producers the increase in profits in 1954, when the newsprint price was steady, was 15 per cent. Canadian companies, which started the price increase, are gaining further, as a result of a change in value of Canadian currency. This means that American dollars received from U. S. customers will not be subject to a discount in Canada as they were until recently.

A general situation. What is true of newsprint is true, in some degree, of all paper. Booming industry and prosperous consumers are using up nearly 50 million tons of it the world over, a United Nations study indicates. World use of paper is expected to be nearly 65 million tons five years from now.



Source: Commerce Dept.

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Behind Geneva Talks

U.S., BRITAIN DISAGREE ON HOW TO DEAL WITH RUSSIA

How to force Moscow into a deal on Germany—that's the big debate behind the scenes at Geneva.

U. S. and Britain really have two different ideas for bringing the Russians to terms.

Their goal is the same: Get Germany back in one piece without undermining Western defenses. But how to reach the goal is putting a strain on Allied unity.

GENEVA

A basic disagreement has developed between the U. S. and its chief ally, Britain, over how to deal with the Russians.

The issue between them is this: whether the present division of Germany is keeping the "cold war" going, or whether it is the cold war that is keeping Germany divided.

U. S. Secretary of State John Foster Dulles takes the first view. He is convinced that Moscow must agree to give up East Germany, let it reunite with West Germany, before the U. S. and its allies can make any real settlement with the Russians.

The British, on the other side of the argument, are just as convinced that, first, the cold war must taper off, and then, perhaps, Soviet Premier Nikolai Bulganin and his colleagues will agree to let the two Germanies reunite.

The way to ease tensions, say the British, is to reduce arms, pull some of the West's troops back from the Iron Curtain, and make other concessions to reassure the Russians that they have nothing to fear from the West.

This argument between the U. S. and Britain has been going on behind the scenes for months. It stems from Russia's demands for the withdrawal of American Troops from Europe, the dissolution of the North Atlantic Treaty Organization, and the signing of a nonaggression pact between Russia and the West—all of which the Russians want before they even think about German unity.

Both America and Britain flatly turn down the idea of withdrawing U. S. troops or dissolving NATO. Behind the public front of Allied unity at the Foreign Ministers' Conference in Geneva, however, there is a basic difference between the two countries on the question of a nonaggression pact for Russia—when and how it should be given to the Communists.

Mr. Dulles has told the British that he is prepared to negotiate such a treaty with Russia, and, if necessary, even sign it and ask the U. S. Senate to ratify it—as long as it does not take effect until after Germany is reunified.

The British reply to that is: Give Russia its security pact now, while continuing to press for German unity.

Britain's Foreign Secretary, Harold Macmillan, feels that Russia's demand for a security pact is actually a pretext. This estimate is reinforced by a lengthy secret talk that Canada's Foreign Minister, Lester B. Pearson, had recently with Nikita S. Khrushchev, Communist Party boss of the Soviet Union, at the latter's vacation home.

At this meeting, Mr. Khrushchev is reported to have laughed uproariously at the idea that a "great power" like Russia needs security guarantees—something, he said, that only small countries require. That convinced Mr. Pearson that it will take more than a security pact to tempt Russia into a deal for uniting the two Germanys. And it convinced the British that the Communists may be talking about a security pact not because they really want it, but because it stalls off the question of German unity for a while longer.

—Wide World

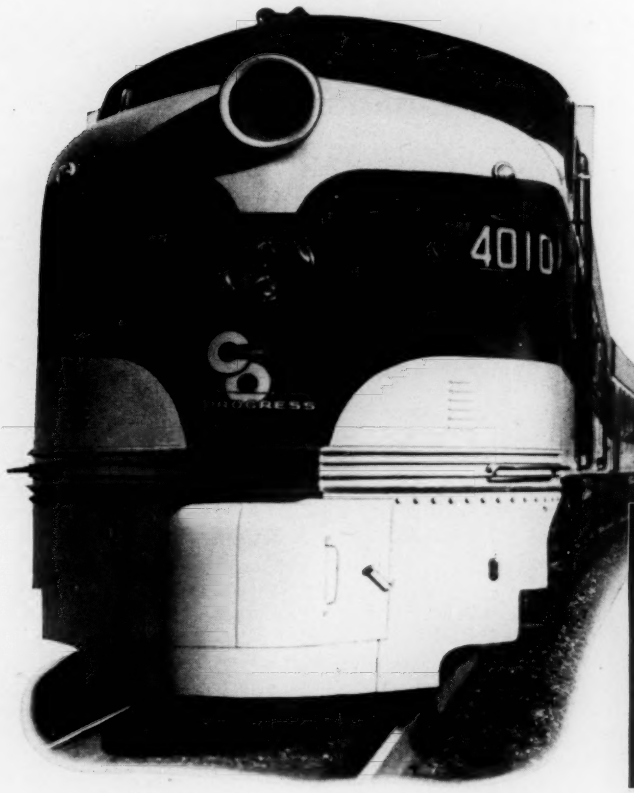
THE BIG FOUR FOREIGN MINISTERS

L to R: Mr. Dulles, Britain's Macmillan, France's Pinay, Russia's Molotov

The British argue that as long as the West turns down Russian demands for a nonaggression treaty, the Communists can keep up their pretext that it's the Western statesmen who are blocking a real settlement of the German problem.

Mr. Macmillan believes that the West should blow aside this Soviet smoke screen by offering to sign a security pact at once. This, he feels, clearly and dramatically would show the Germans and West Europeans generally that Russia alone is responsible for main-

(Continued on page 40)



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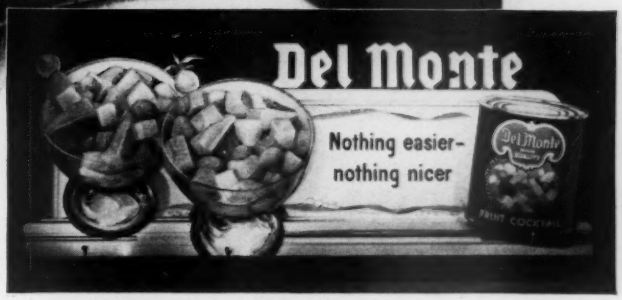

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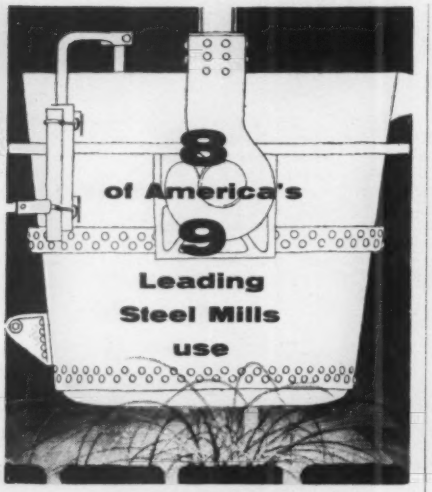

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[*continued*]

DISAGREEMENT AT GENEVA

taining the cold war and keeping Germany divided.

A high British official puts it this way: "Why do you suppose there was very little opposition to war in Britain in 1939, compared to 1914? The Munich agreement with Hitler was responsible. The British people knew their Government had leaned over backward to avoid war. Today, if we are going to continue to maintain 24-month military service for our young men, we must show we are doing everything possible to negotiate settlement with Russia."

The disarmament issue, too, finds U. S. and British diplomats at odds with each other.

Despite Mr. Dulles's doubts, the British make it clear that they intend to push their idea to reduce armed forces in both Germanys, without waiting for the Soviet Union to agree to German unity.

What the British would like to do is freeze NATO forces in West Germany, and Soviet forces in East Germany, at present strength—and let both sides inspect each other's troops to make sure the agreement is being observed. After that, Russia and the West could start reduction of their forces on both sides of the Iron Curtain.

The British also want to go ahead now with world-wide reduction of conventional weapons under a 1954 plan that was proposed by Britain and France and is now accepted by the Soviet Union.

That plan would cut American, Russian and Communist Chinese armed forces to about 1.5 million men each, and French and British forces to 650,000 men each. Meantime, the big powers would keep up their talks on a method for controlling and reducing nuclear weapons.

The United States originally accepted this plan. But now the U. S. backs away from it, insisting that the Russians agree first to a system of aerial inspection. As a result, the British are saying that the U. S. seeks inspection without disarmament, while the Russians seek disarmament without inspection.

As the British see it, no inspection system is going to discover all the nuclear weapons held by a country such as Russia or the U. S. Therefore, the British say, nuclear disarmament is highly unlikely—while the reduction of conventional weapons remains feasible.

British diplomats point out that Western governments already are cutting their conventional military forces under the pressure of public opinion. The British are asking Americans: Why not try to negotiate for Soviet arms reduction at the same time? Equal reductions on both sides, the British say, would keep the present military balance of power between East and West—and the West will remain secure, especially because it possesses an advantage in nuclear weapons.

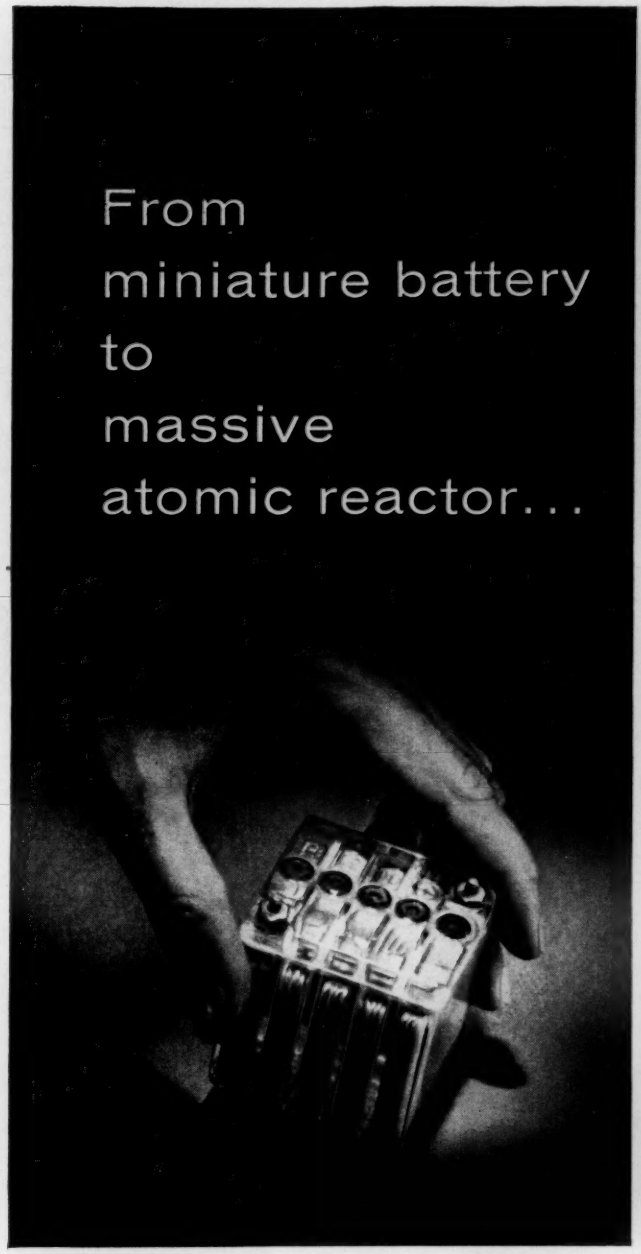
What the British especially want is a reduction in foreign troops stationed in Germany. With occupation payments from the Germans ending early next year, Britain will face a yearly drain of 200 million dollars in hard-currency Deutsche-

(Continued on page 42)

—European

GERMANS UNDER ARMS
Even the West has two ideas about them

From
miniature battery
to
massive
atomic reactor...



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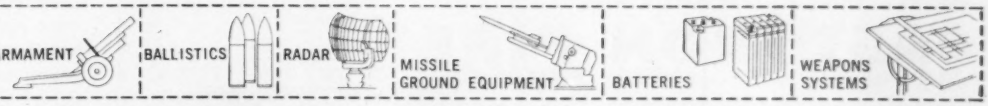

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[continued] **DISAGREEMENT AT GENEVA**

marks to maintain its four divisions and a tactical Air Force in West Germany.

Finally, the British argument runs, the Russians have no fear of public opinion at home and will not agree to German unity just to end the arms race. But a reduction in arms and tensions might convince the Russians that their security is not threatened by the West, and make them more favorable to the idea of a free and unified Germany.

All of this is cutting right across the American view of how to bring the Russians to terms.

Mr. Dulles feels the British idea of promising Russia a demilitarized zone on both sides of a unified Germany. is

—Justus in the Minneapolis Star

"THE BEAR TRAP"
Will the West hold together?

bound to get the West into trouble—make it look as if the Allies have accepted the East-West division of Europe, slamming the door on any hopes of drawing satellites of Eastern Europe closer to the free world.

On top of that, Mr. Dulles is convinced that a demilitarized zone will hasten the day when American and British troops will be forced to withdraw from the continent of Europe, while Russian armies would have to withdraw only as far as the Polish border. From that point, Red troops could strike swiftly across Western Europe.

Not necessarily an act. The Americans do not agree that the Russian demand for a nonaggression pact is only a pretense. As Mr. Dulles and others see it, the Communists really want that pact —something they could develop into an

alliance that would eventually kill off NATO and get U. S. troops out of Europe.

In his preconference talks with Mr. Macmillan and French Foreign Minister Antoine Pinay, Mr. Dulles insisted that there can be no end to the cold war, no possibility of real disarmament, until Germany is united—free to join whatever alliance it wants to.

He argued that sooner or later the Soviet Union will be forced by the pressure of world opinion to give in to this basic U. S. demand. He cited Austria as an example of how the Russians finally signed a treaty only because they saw that the world was blaming them alone for the continuing occupation of Austria.

The U. S. idea runs into trouble, however, because the Allies, notably France, not only understand but share Russia's distrust of a united Germany.

"If the German question were as simple as that of Austria, we would have no qualms," one French diplomat said privately. "But we were not beaten and occupied by the Austrians in World War II."

The West's foreign ministers have papered over the cracks in Allied unity with a compromise formula for handling the Russians at Geneva.

In order to show the Allies that U. S. policy is not static and rigid, Mr. Dulles agreed that the U. S. will not rule out a security pact with Russia—as long as its major clauses do not go into effect until Germany is unified, and are not designed to set up a rival alliance that would wreck NATO.

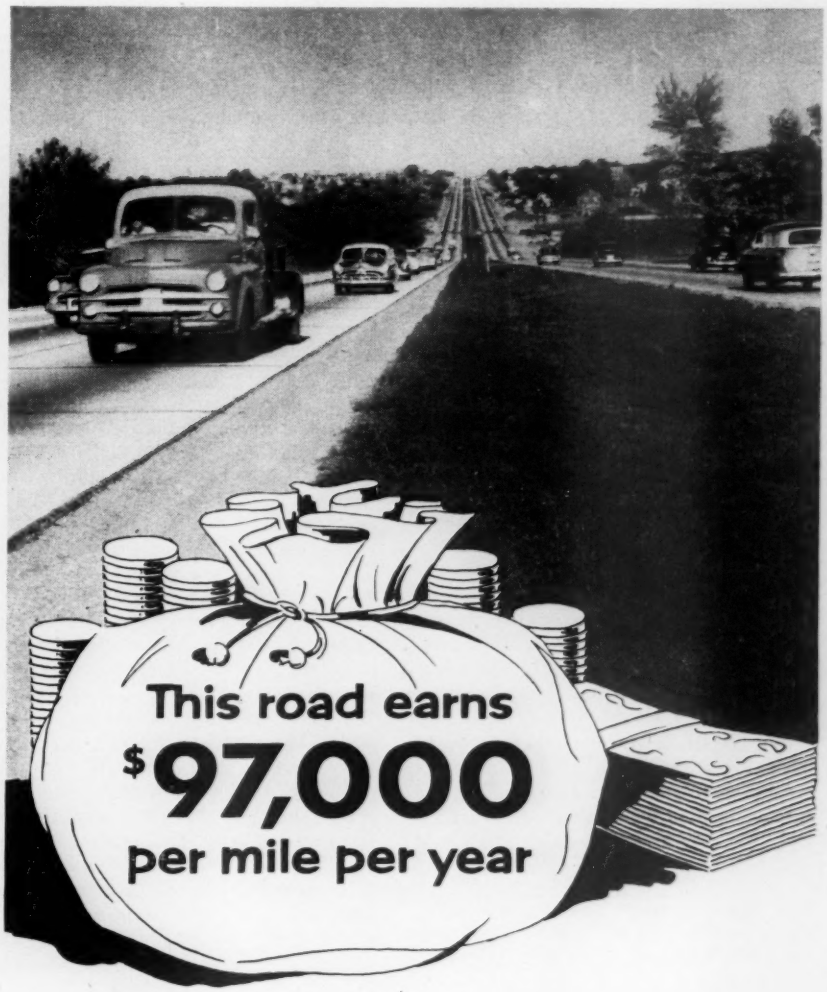
Mr. Dulles also promised his colleagues that the U. S. will lose no chance to boost the exchange of information, visits and trade between Western and Communist countries—a step depicted by the Allies as helpful in easing cold war strains.

On the big issues, the Big Three finally agreed to offer Russia's Foreign Minister, Vyacheslav M. Molotov, not only a nonaggression pact, but also a pledge of mutual assistance in the event of German attack, as well as a promise to limit Germany's rearmament to 12 divisions.

They also agreed to offer Russia these additional things if the Communists go along with Germany's reunification:

- Separation of NATO and Soviet forces in Europe by a partly demilitarized "buffer" zone several hundred miles wide.
- A progressive "thin out" of NATO forces west of that zone if Soviet Russia similarly reduces its armed forces to the east.
- Mutual inspection of Soviet and NATO forces in the "thin out" areas, to render surprise attack by either side im-

(Continued on page 44)



A road earning money? Absolutely—in the form of gas taxes and license fees you pay to drive on it. The more vehicle miles of traffic a road handles the more money it earns.

This concrete road is U.S. 40, northeast of Baltimore. The section shown carries a daily average of 45,000 vehicles.

The number of vehicles traveling this road per day	45,000
Times the average vehicle tax per mile in Md.	$.00714
Equals this road's earnings per day per mile	$321.30
Times the number of days in a year	365
Equals the annual earnings of this road per mile	$117,275
Minus the annual cost to build and maintain such a road during its expected lifetime	$20,000
Equals the annual net profit this road earns per mile	$97,275

Concrete roads are the biggest money-makers because they attract the most traffic and have the longest life and lowest annual cost. Other pavements often fail to earn their building and maintenance cost. This drain on available funds leaves less and less for new highway construction.

To motorists, who pay for highways, this is an important reason why all main roads should be paved with concrete.

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[continued]

DISAGREEMENT AT GENEVA

possible, and to enable the Russians to verify NATO's limitations on German arms.

• Permission to set up a Soviet-operated radar net behind Allied lines in West Germany, if NATO can establish a similar network in Poland. The two radar screens would assure both sides of earlier warning against surprise air attack.

The compromise plan tries to sidestep British-American differences by proposing that the security pact with Russia be negotiated and put into effect "simultaneously" with reunification of the two Germanys.

The whole plan, however, is so legalistic that Western experts themselves admit they don't see how it could work. And leaders of some smaller Western European nations see a danger that it will confuse—not solidify—Western public opinion.

What the West is proposing is to unify Germany in five stages that would take three to five years to carry out.

Top Western officials admit, however, that they do not understand how Western security guarantees to Russia would go into effect "simultaneously" with these five stages. The Western position, officially, is that the security pact with Russia will not become effective until Germany is united and a member of NATO.

The "buffer" zone the West is offering Russia after Germany is unified lies on either side of the Oder-Neisse line—the present East German border with Poland. That zone could not be set up until German reunification is completed. Nor could there be thinning out of forces on both sides of the buffer zone.

A French idea is that at the moment the Soviet Union signed an agreement to unify Germany by stages, the Bonn Government could sign a pledge renouncing force in any effort to restore former German boundaries. Then, when free elections actually are held in Germany, the Western powers might underwrite that pledge.

Despite these unsettled points, it is generally admitted that the Western plan departs very little from U. S. insistence that the main security guarantees to Russia come into force only after Germany is reunified.

The British and French say, however, that the longer negotiations go on, the greater the "give and take" that may be necessary—more than the U. S. is now prepared to accept. Britain already wants to push its idea of arms reduction within Germany, without waiting for Russia to agree to German unity.

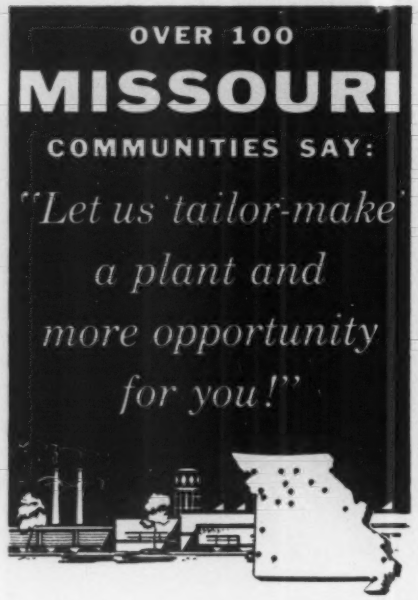
What it means is this:

While outwardly displaying Western unity at Geneva, the U. S. and Britain actually have two directly opposite plans—not a single dramatic proposal to offer the Russians—in what is less a diplomatic negotiation than a propaganda battle for Western European public opinion.

If the conference fails, many observers at Geneva are predicting that it will be nip and tuck whether the Western leaders or the Russians get more of the blame for killing the "Geneva spirit."

—Wide World

COMMUNIST BOSS KHRUSHCHEV AND MARSHAL BULGANIN
With the Kremlin, unification of Germany comes last



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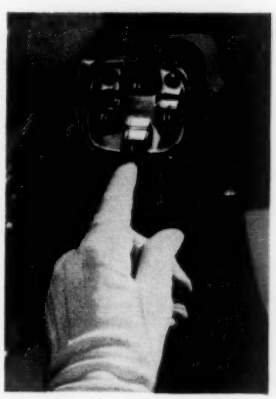

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Why a U.S. Diplomat Resigned

It Was Either That or a Row With South Korea

There's a new and critical worry for the U. S. in South Korea.

A big problem is in clashing personalities. Syngman Rhee doesn't like Americans' telling him how to run his country. Some U. S. officials insist he has to be told, like it or lump it.

Retirement of a U. S. Ambassador is a clue to what's really going on. U. S. is losing friends in a land it fought to save.

TOKYO

One of the quickest recoveries in recent medical and diplomatic history was made by William S. B. Lacy, who just lost his job as U. S. Ambassador to Korea. It's the talk of Tokyo.

Twenty-four hours after Mr. Lacy unexpectedly resigned and left Seoul "for reasons of health" he was attending dinner parties with diplomats in Tokyo. He showed no signs of the stomach ailment that was announced as the reason for his retirement from Korea.

Out here you get the story that Mr. Lacy's departure is linked not so much to his health as it is to the troubles the U. S. is having with its South Korean ally—an ally described by one American as "the billion-dollar headache." It is a story of conflict between Lacy, the red-haired, energetic Ambassador, and Syngman Rhee, the tough old fighter who is the President of South Korea. What follows is an account of the situation as told by friends of both principals.

How rift developed. During the five months he filled the top American post in Korea, Mr. Lacy became actively and vocally anti-Rhee. He thought President Rhee and his Government were unjustly attacking American businessmen in a long-drawn-out tax feud, were putting obstacles in the path of American aid, and were creating unnecessary barriers between Japan and Korea.

The Ambassador also was concerned lest outbreaks against Communist members of the Korean Armistice Commission, such as occurred some months ago, might get out of hand and bring a new threat of war in Korea. At the same time, Mr. Lacy—like other Americans on the spot—was studying the problem of where Korea's leadership would come from if President Rhee died or lost political power.

As a result, Mr. Lacy talked with Korean politicians who were anti-Rhee. He developed friendships with Korean Army generals, many of whom do not see eye to eye with the President. He told people frankly that he regarded these talks and friendships as part of his job as U. S. Ambassador.

President Rhee then grew suspicious of happenings he thought smacked of intrigue against him or of attempts to undermine his power. But Mr. Lacy turned out to be an extremely tough diplomat. The Korean President found himself blocked at many points. Government agents informed the President exactly which Koreans—those not sympathetic to Mr. Rhee—were seeing the American Ambassador, and Mr. Rhee became more and more upset.

The Rhee decision. The President decided it was time to get rid of Ambassador Lacy. He succeeded.

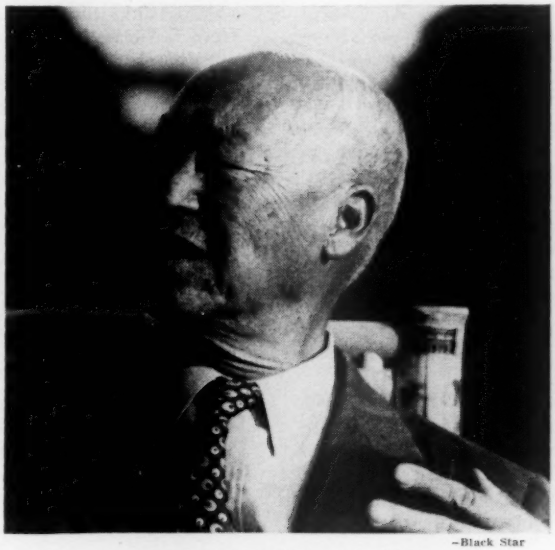
American diplomats are tight-lipped on whether the Korean President threatened trouble with the U. S. unless Mr. Lacy was removed. But Rhee aides say flatly that they had evidence that the Ambassador was interesting himself unduly in Korea's forthcoming election, and was even laying plans for the eventual replacement of Mr. Rhee.

Practically all the diplomats out here in Asia doubt that these charges are valid, but the U. S. could hardly afford to come to an open break with the Korean Government. The charges, if brought into the open, would stimulate suspicions among touchy Asians.

Mr. Lacy knew for months that he was not likely to last long as Ambassador to Korea. U. S.-Korean relations have been getting worse for a long time. Mr. Lacy recognized that, as Ambassador, he was bound to shoulder some of the blame.

When the climax came between the two men, events moved swiftly. Mr. Lacy himself did not learn that he was to resign until 24 hours before the public announcement was made. To soften the blow, he was permitted to blame the resignation on illness. And, to keep President Rhee's victory from becoming too obvious, Washington announced that Mr. Lacy would get a comparable post as soon as he recovered his health.

The U. S. is still holding one high diplomatic card to avoid the appearance that the State Department was forced to knuckle under to Syngman Rhee. Washington has no Ambassador in Seoul now—and the situation may stay that way for some time, even though South Korea is regarded as one of America's most important allies in Asia and still one of the critical zones of the world.



—Black Star

KOREA'S SYNGMAN RHEE
Behind the upset: suspicions

What return for U. S.? American officials are genuinely concerned about the way things are turning. In the two years since the end of the Korean war, the U. S. has pumped more than a billion dollars into the country. Right now the bill is running at the rate of about 680 million dollars a year.

At the same time, these Americans feel that—all in all—the U. S. is getting a good return for its money. Through aid dollars, the Koreans maintain a 655,000-man Army ready for action if the Communists strike again in Asia. Also, the U. S. gets a beachhead, with advanced airfields, on the mainland of Asia.

This whole investment is at stake in the difficulties between the U. S. and South Korea that are now coming to the surface.

Interviews with PRIME MINISTERS
Of Egypt and Israel

WHERE WAR THREATENS NOW

A build-up for war appears to be in full swing in the Middle East.

Events are moving fast in an explosive area again. Anything can happen.

Israel and her hostile Arab neighbors are in an arms race, both sides fearing attack.

Soviet arms are pouring into Egypt now. More of the same are offered by Moscow to other Arab countries.

Israel wants more weapons, too. Her Prime Minister is putting it up to the U. S. and allies to get something done.

What is the full story of the new "hot zone" that threatens to burst into war?

Will border clashes touch off big-scale fighting in the Holy Land once more?

Below you get both sides in the crisis.

Members of the Board of Editors of *U. S. News & World Report* flew into the troubled area to interview separately two of the central figures in this latest war scare—the Prime Ministers of Israel and Egypt. You find out how each sizes up the other in the exclusive interviews which follow.

NASSER: ISRAEL IS "A MAN WITH A PISTOL"

It was Egypt's deal to get military equipment from Communist Czechoslovakia that touched off the newest war scare in the Middle East.

In this interview at Cairo with Regional Editor John D. Law, Egypt's Prime Minister Gamal Abdel Nasser tells why he turned to the Soviet bloc for arms.

At CAIRO

Q Mr. Prime Minister, does the arms deal you have made with Communist Czechoslovakia mean that you no longer feel there is any danger of Soviet military aggression against the Middle East?

A What we must think of is the security of Egypt. We look at things a lot differently from you Americans. We don't spend our time worrying about a world war, or Russian aggression, or the struggle between East and West. We are interested in Egypt's security, and Egypt's security today means protection against Israel.

We don't worry about Bulganin [Soviet Premier]. It's Ben-Gurion [Israeli Prime Minister-designate] we worry about. We don't worry about Khrushchev [head of Soviet Communist Party]. We worry about Ben-Gurion. What Bulganin and these others are for you, Ben-Gurion is for us.

Q But if Russia ever invaded the Middle East and you were equipped with Soviet-made arms, wouldn't all that equipment be useless to you, since, of course, Russians would cut off the supply of your ammunition and spare parts?

A We are quite aware of that, but we had no choice. We needed arms. The Israelis have said time and again that they want to expand. They talk of having the area from the Euphrates to the Nile. The Herut Party campaigned in the last elections on a line calling for expansion and were returned to Parliament with more representation than they had before. [Herut, with 15 seats, is second to Mapai with 40 in the 120-seat Knesset.] They are constantly making threats.

We could not get arms from the West, so we got them from the East, without conditions. We waited three years to get arms from the West, but they never came, while the West continued to build up Israel. Our revolution here stemmed from the need in Egypt for arms. If there are no arms coming, there will be another revolution here.

I could be patient until Israeli aggression on the Gaza Strip last February 28, but after that I could no longer be so. I am responsible for all of Egypt's interests, which include the defense of its territory as well as all the other things. So I got arms where I could get them, without conditions.

Q As I understand it, you could have gotten arms from the United States, couldn't you, if you had agreed to accept a small military mission that would supervise the use of the arms?

A I refused that. We don't like military missions here. An American mission means American influence. I realize that Tito [President of Yugoslavia] has accepted a mission, so had Iraq and so have other countries. But we can't do it here. We had British missions here for 75 years, and now we cannot just substitute an American mission for the British one.

Q But wasn't that somewhat different? You actually had

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Egypt's View: "For Us the Danger Is Israel, Not Russia"

. . . Sharett Says: "Nasser Is Pledged to Destroy Us"

thousands of British troops on your soil, which is different from having a small military mission—

A We just don't like missions here—any kind of missions. We had German military missions here and don't like those either.

Q But do you really believe, Mr. Prime Minister, that if an American military mission is here they will say to you: "Mr. Prime Minister, you must do this, you must do that, you must vote this way in the United Nations, and so on?"

A Our people would think that having an American mission here would be foreign domination. We didn't throw out a British mission in order to get an American one in its place.

Q Do you think that Egypt would be running less risk in taking arms from the Soviet bloc and thereby leaving itself defenseless against potential Russian aggression than in accepting a small military mission from a country—the United States—which has no aggressive designs on Egypt?

A You just don't understand Egypt. For us the danger and the thing to worry about now is Israel, not Russia. We must protect ourselves from Israel first.

It's like going down a road and meeting a man with a pistol, and a little farther on there stands a man with a machine gun. You defend yourself against the man with the pistol. It's not going to do you any good to worry about the man with the machine gun, just because it's a bigger weapon, if the man with the pistol shoots you dead.

Q But wouldn't it be best to figure out a way of taking care of both dangers?

A For the past three years, the United States has had a chance to arm Egypt, but it hasn't wanted to do so. Shortly—about three months—after our revolution, I had a talk with your Under Secretary of Defense, who told me the United States would be happy to arm Egypt.

Shortly afterward we sent a military mission to Washington, which sat down and discussed with your military men the things we would need, and we were told that we could get the tanks, artillery and other heavy equipment we asked for. We signed a document—the "short form," I believe you call it—for arms purchases, in which we stated that we would use the arms received for purposes of defense only. We agreed to that.

But, then, despite the promises, nothing happened. We didn't get any of those arms. We received a little small stuff—trucks, ambulances and so on. The Americans told us that we must settle the Suez issue with the British first. Well, after we got that settled, we still didn't get any arms.

After the February Gaza Strip incident there was terrific pressure in the country for arms. So I started negotiating with the Russians, and I called in the American Ambassador and told him so. The British Ambassador also came in, and said that if we went ahead and did such a thing the British wouldn't be able to give us anything—anything at all. Those were threats, which we don't like.

Q Recently, though, didn't the Americans offer you quite a bit of arms on a cash basis?

GAMAL ABDEL NASSER rose to military prominence in Egypt during the Palestine war. He was a leader of the revolution that ousted King Farouk. In 1954 he forced Mohammed Naguib out as Prime Minister, and he has been the real power in Egypt ever since.

A That was after we told them we were negotiating with the Russians—last June. Then they offered us arms. They offered us 27 million dollars' worth, but said that to get them we must pay up right away. Well, I told them that 27 million dollars was exactly the total amount of dollars that we had in the Egyptian Treasury. We just couldn't do it.

Q Wasn't there any possibility of getting it on a credit basis—paying in installments, or something of that sort, or paying in local currency?

A We asked if it would be possible to pay for it in one of these ways, but we never got an answer.

Q You were never told "No"?

A No, we just never got an answer. So we went ahead and signed this agreement with the Russians. I think the United States thought that all the time we were bluffing, but, you see, we weren't bluffing at all.

Q I note, Colonel Nasser, that you keep referring to your arms agreement with the Russians. I assume that by that you

(Continued on next page)

. . . Nasser: "If Egypt falls, rest of Arab world is finished, too"

are referring to the agreement to buy arms in Czechoslovakia. Or has there been another agreement on arms with Russia as well?

A No, no other agreement. I should have been saying "the Soviet bloc."

Q Do you expect that there will be a need for a further agreement, or will this agreement with Czechoslovakia be enough? To put it another way, with the arms you expect to receive under this one agreement with Czechoslovakia, do you believe that the Egyptian Army will have at least caught up to Israel—making up for that difference in armed strength that you say has been existing between Egypt and Israel?

A Oh, yes, certainly. With these arms, we will be all right.

Q You'll have enough?

A Yes, we'll have enough.

Q Mr. Prime Minister, you have often complained about what you call the West's failure to adhere to the balance-of-power principle in its dispatch of arms to Israel and the world. Do you agree, though, that the principle is a good one—that Israel and the Arab countries should be given equal amounts of equipment?

A No, I cannot see the justice in equating Israel with the entire Arab world. Israel has only about 1.7 million people, and Egypt alone has more than 20 million.

Q You think, then, Egypt alone should have at least as much in the way of arms as Israel?

A Yes. We have to be in a position to defend our territory alone. We cannot count on the support of the other Arab countries. There is no joint Arab command, no joint military planning among the Arab states. If Israel should attack us in force, we cannot necessarily count on Syria, for example, entering into the war against Israel. We Egyptians must be able to beat back Israel on our own.

Q Do you mean, then, that you think each country of the Arab area should have forces strong enough so that it could fight the Israelis on an equal basis just on its own, without help from the other Arab countries?

A Well, of course, for some of the Arab countries that would be economically impossible. Neither Syria nor Lebanon, for example, could possibly become that strong. Their economies could not stand up to it. There is a limit.

You Americans know well yourselves that a strong military potential needs a strong economic base. At the beginning of the last war, for example, it was not the American Army that was the strongest but the German. But America, with its great natural resources, its productive capacities, its industrial base and so on, could build up an unbeatable military force within six months or so.

Q How about Jordan as a military force? We always hear about the famous Arab Legion there—

A Not at all. Jordan is small and could not put forward the strength to handle Israel on its own. Egypt is a different proposition, however. Egypt has to be in a position to go along alone against Israel. If Egypt falls, the rest of the Arab world is finished, too.

Q You mentioned a moment ago that there is no joint military planning or military co-operation of any kind in the Arab area. Why is that?

A Well, the countries of the Arab world have their local differences among themselves.

Q Do you think your arms agreement with Czechoslovakia is likely to result in more cordial relations between Egypt and Iraq on the issue of arms supply? That is, hasn't Iraq's arms agreement with the United States and its tie-in with Turkey been the cause of some dissension between your two countries?

A Iraq always used to tell us that to get arms you have to sign a pact. They meant that we have to tie ourselves in with the West on some Middle Eastern defense arrangement against Communist aggression. Well, we didn't. The Iraqis may have different ideas about that now, after we got arms from Czechoslovakia without signing any pact at all or receiving a military mission.

And, as I understand it, Iraq hardly got any of the arms it was supposed to get from the United States. Apparently the item they have received most of is ambulances. I'm sure Ben-Gurion would be delighted to see a long line of ambulances lined up near his frontier. It wouldn't indicate to him that we were very optimistic about our chances. You can't defend a frontier with ambulances. Neither can you with schools and hospitals. I wish we could. But we need arms. We have had to divert much of our effort and money away from things like schools and hospitals so that we can get arms. When this problem has been resolved, we can go back to doing more for Egypt's social progress and the building of the country.

Q Can you tell me something about the state of Egypt's Army?

A We have a Regular Army, Reserve and National Guard. The National Guard is composed of volunteers who get trained for a month and then return to their homes. They take periodical training after that. In the event of an emergency, we could mobilize 300,000 National Guardsmen within 48 hours.

I want to say that in Egypt we like America and Americans. It was the British who occupied us for so many years, not the Americans. But the United States in recent years has not seemed able to understand our problems and our needs.

SHARETT: EGYPT SEEKS TO "ANNIHILATE" ISRAEL

This interview with Israel's Prime Minister Moshe Sharett took place in his office in Jerusalem a few hours before Mr. Sharett flew to Paris to discuss the Egyptian arms deal with the Foreign Ministers of the U. S., Britain and France.

Mr. Sharett was interviewed by Regional Editor Joe Fromm.

At JERUSALEM

Q Mr. Prime Minister, has the Czech arms deal with Egypt increased the danger of war in the Middle East?

A Very much. Large quantities of arms are usually meant for war and not for peace. We consider Egypt fundamentally bent upon aggression.

We cannot conceive of any other object or purpose for which Egypt would embark upon an expenditure of such magnitude for the acquisition of arms unless it be for launching—at a time which Egypt would probably find appropriate—an offensive against Israel in order to wipe it out.

Q Wasn't Prime Minister Nasser of Egypt taking a calculated risk, when he concluded the Czech arms deal, that Is-

. . . Sharett: "Israel is surrounded by several enemies"

rael might take preventive action to avert an unfavorable shift in the balance of military strength?

A I don't know how farsighted Colonel Nasser is. It seems that he is extremely shortsighted and living from hand to mouth. To him it was a major piece of self-aggrandizement—for himself and for his clique and for Egypt. And also, because he is violently hostile, he must have thought that one day this will certainly give him a chance of settling old scores with Israel. He is pledged to destroy us—if he can.

Q If arms aid from the West does not materialize, and you are confronted with a shift in the balance of military power in favor of Egypt, wouldn't Israel feel obligated to take preventive action before Egypt was too strong—that is, force a military showdown with Egypt?

A I would not attempt to cross that bridge before I got to it. I saw this idea expressed in the foreign press. Apparently, newspapers think it is inherent in the logic of the situation. I would very ardently wish that we should not be driven to resort to that kind of a short cut to our security.

EGYPT "SUPERIOR" IN ARMS—

Q Colonel Nasser claims he was obliged to get arms from the Soviet bloc because he couldn't get them from the West, and he claims further that the French were diverting to Israel arms ordered by Egypt—

A But, as things stood before he concluded that deal with Czechoslovakia, he had a definite superiority over us in all heavy armament—on land, at sea and in the air. The Czech deal has increased that superiority—I don't know how many times.

Q In terms of total military capability, doesn't Israel still have an advantage?

A Israel has a definite advantage in quality—in the quality of its manpower and in its technical and organizational ability to put to better use such weapons as are in its hands. But Israel is always at a disadvantage in numbers of men and in the quantity of its equipment.

There has always been a gap in favor of Egypt, and that gap is about to be increased enormously and very menacingly. Moreover, Egypt has only Israel to settle accounts with, whereas Israel is surrounded by several enemies and has to keep account of them all.

Q In your opinion, will the Czech arms deal result in a decisive shift in the balance of military power, to the disadvantage of Israel?

A That is what I have been trying to convey—a decisive shift in the balance of military strength. You may be aware that Egypt's military budget is almost equal to the total budget of Israel—regular and development and security all put together.

Q Do you feel that the arms Egypt is receiving from Czechoslovakia eventually will overcome Israel's qualitative superiority?

A Definitely. I feel very much that will be the case, unless Israel succeeds in increasing very considerably its own armaments. But Israel will find itself terribly handicapped by lack of financial resources in trying to achieve that.

Q Is this the beginning of a continuing arms race?

A This is an enormous step forward in the arms race. It gives it a tremendous impetus. It has started a new cycle—a new and much broader cycle—in the arms race.

I have already taken exception to the United States military-aid agreement with Iraq, but after that treaty was concluded there was no further progress in supplying arms to the Arab states. That is to say, that process was partially arrested when the Soviet Union suddenly injected itself into the picture and completely revolutionized the situation.

—Wide World

MOSHE SHARETT, who grew up in Palestine, is both Prime Minister and Foreign Minister of Israel. Long regarded as his country's most skilled diplomat, Mr. Sharett will continue as Foreign Minister in the Cabinet of Premier-designate Ben-Gurion.

Q You have pointed out that Israel at present has a qualitative superiority over Egypt, but that Czech arms might cause a decisive shift in the military balance. Isn't Israel obliged to act to prevent that from happening, in view of your belief that Colonel Nasser is out to destroy this country?

A This decisive shift is a calamity for Israel, and anyone tries to prevent a calamity.

Q Do you see any possibility of getting arms for Israel from the Soviet bloc, as Nasser is doing for Egypt?

A We shall in the first instance turn West and see what we can get there, because the Western powers are under an obligation which they voluntarily assumed through the so-called tripartite declaration of 1950 [by U. S., Britain, France] to see to it that the balance of military strength in the Middle East is not upset.

It is, therefore, we believe, up to them to bring us up to some point where the gap will at least be appreciably reduced, if not altogether eliminated.

Q Has Israel made any approach whatever to Russia or any of the satellites for arms?

(Continued on next page)

. . . Russian aim: "to establish a foothold in the Middle East"

A No. I would like to point out that, according to our information, it was the Soviet Union which in the first instance made overtures to Egypt and to some other Arab countries.

Q Has Russia or any of the satellites approached Israel, formally or informally, with an offer of arms or a hint that arms might be available if Israel asked?

A The answer is in the negative. There has been no approach whatsoever from government to government—none at all.

Q You said that Israel would turn to the West for arms, initially—

A If the situation goes from bad to worse, and we are desperately in need of further arms to save our state and our lives, we shall naturally look for arms wherever we can find them.

Q If ultimately you felt compelled to seek arms from the Russians, do you see any possibility that they would supply them?

A I don't know. The contingency has not arisen, and they haven't been put to the test.

WHY REDS AID EGYPT—

Q In your opinion, what is Russia's purpose in offering arms to Egypt?

A At least, to establish a foothold in the Middle East.

Q Do you think that the Russians might agree to curb the flow of arms to Egypt if the Western powers included them in the tripartite agreement you mentioned earlier—in other words, if they were given a voice in Middle East affairs?

A It is not for me to forecast.

Q But do you think that a four-power agreement on the Middle East, including Russia, would give Israel greater security than the present tripartite agreement which excluded Russia?

A Not if there is no unity of purpose among the four. For the time being I don't see evidence of it. I see evidence to the contrary. There is no use combining powers in a joint guarantee if they are going to be at loggerheads with one another.

The question is: What is Russia interested in? Is she interested in stability or is she interested in a state of precarious unbalance? I don't know.

Q What significance do you see in the fact it was the Russians who made the original overture in negotiations for delivery of Czech arms to Egypt?

A The Soviet Union was probably aiming at establishing a position for itself in the Middle East to counteract the effort of the United States and other Western democracies to build up the sector in this area of their world defenses. However, the Soviet Union could not be unaware of the fact that Egypt could not possibly be described as a peace-loving nation in view of its obstinate and vehement refusal to make peace with Israel, which refusal is constantly accentuated by acts of war on her part.

I could say that this whole move, to my mind, stands in flagrant contradiction to the "Geneva spirit." Russia has embarked upon a policy of striving to reduce and eliminate international tension, pave the way for permanent stability and peace throughout the world. Here it has acted as a factor upsetting the existing stability and exposing peace within the Middle East to a very serious threat.

Q What can the United States do to counter this Russian attempt to penetrate the Middle East?

A It is really for them to say. What we, Israel, are primarily concerned about is our security.

Q Do you favor an effort by the United States to persuade Russia to call off the arms deal with Egypt?

A Definitely. Speaking the other night, I said that one still hopes against hope that the Soviet Union, on realizing the enormity of the step that they have taken, will desist from this disastrous course. Nevertheless, we must be prepared for the worst, and very quickly.

Q Do you think it is possible for the United States to persuade Colonel Nasser to cancel the Czech arms deal in exchange for arms from the West?

A I am not a prophet. For the time being, I see that the United States is not showing an inclination to engage in that form of action of competing with Russia in offering arms to Egypt. For the time being, they are not showing this tendency. What they will do I don't know.

Q But do you think an offer of that sort by the United States would be effective?

A Again I can't say. Nasser may get the best of both worlds, and his superiority to us may become cumulative.

Q If neither Russia nor Egypt can be persuaded to call off this arms deal, then you feel that the Western powers should supply arms to Israel?

A Arms and a security pact both. The two must go together. The security pact is very important, but it is not in itself a complete and absolute guarantee.

Q And these arms from the West would be required on a large scale?

A Fairly large, yes. I think these recent developments have revolutionized our conception as to the quantity and the kind of arms that we need.

ARMS COMPETITION "TRAGIC"—

Q How can Israel finance an arms program of that magnitude?

A It is really a tragic prospect to be faced with this compulsion of diverting very limited resources from most urgent tasks of economic development to the acquisition of arms. But one has to worry first and foremost about one's safety—that is to say, about one's survival—before one can think of progress and development. Therefore it will have to be done. It is a terrible pity. That is why we have been all the time most emphatic in opposing any arms race in the Middle East.

We said to the Western powers: "Don't give arms either to the Arabs or to ourselves, but naturally if you give arms to the Arabs you must give to us—though we would prefer your not giving to either, in order to prevent an arms race."

Q Do you think the American attempt to form the "northern tier" defense alignment in the Middle East is a sensible approach to the problem of resisting Russian encroachment in the area?

A On the face of it, from America's point of view, yes. But we would have wished that it did not include Iraq, because Iraq again is a state hostile to us and therefore an enemy.

Iraq is an enemy of internal peace in the Middle East. They show implacable hostility to Israel and fanatical determination to maintain a state of war between the countries of the Arab League and ourselves. Therefore we did not consider

(Continued on page 54)

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. . . "Egypt has been engaged in active war against us"

Iraq a suitable partner for joining any scheme of over-all Middle Eastern defense, and we regarded the military-aid agreement concluded between the United States and Iraq as very reprehensible, inimical to our safety and to the internal stability of the Middle East.

Q But would it be possible to build an effective defense grouping in the Middle East without Iraq?

A I see that Turkey is in, Iran is in and Pakistan is in—and they are countries further north than Iraq.

Q Did the arms Iraq received from the United States under this aid agreement upset the arms balance between Israel and the Arab states?

A Inasmuch as Iraq is an enemy of Israel and joins in the cause of promising a second round—yes.

Q But the upset in the military balance was not serious enough for you to regard it as a real threat?

A Anyhow, the new imbalance is much more serious than that former imbalance. First, because it concerns a country adjoining Israel and in an active state of war with Israel. Iraq is not "on the borders of Israel." It is a little further away.

But Egypt is on our border and has been engaged in active war against us. They have been sending terrorist bands deep into our territory, violating the armistice agreement in many other respects and now blockading the approach to our southern port of Eilat [Elath]—preventing all Israeli ships from entering the Gulf [of Agaba] there. They have put an embargo on Israeli shipping through the Suez Canal.

Q How do you explain the fact that Colonel Nasser in recent months has adopted this much tougher line toward Israel?

A He has suffered a number of setbacks. I think the starting point was the conclusion of the pact between Turkey and Iraq which has wrested the balance of leadership very emphatically to the side of Iraq.

He then tried to form, as a counterpart to that pact—to offset it—a tripartite military alliance between Egypt, Syria and Saudi Arabia, to offset the Turko-Iraqi pact. He failed in that enterprise. Syria wouldn't join him. Didn't, anyhow, at the time. That was his second failure.

Then a third setback which he experienced and which was very wounding to his *amour-propre* [self-esteem] was on the Sudan issue. In the Sudan, tendencies have asserted themselves of not merging with Egypt, of maintaining and developing Sudan's separate independence—political and economic.

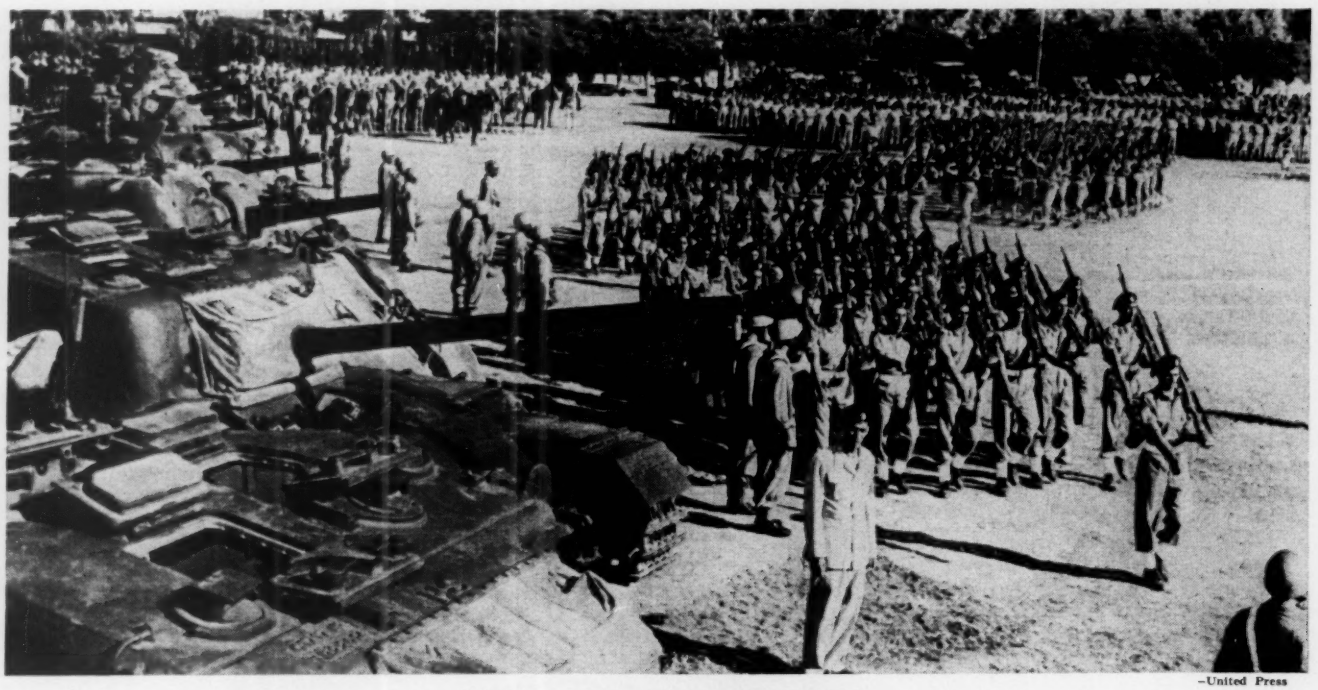
You must always remember that Nasser's position within Egypt is not a very firmly entrenched one. There is no popular basis whatsoever for his government. It is a military junta which apparently believes that it can only maintain its position by military extravagance—by making a show of force. That is my attempt to rationalize Nasser's behavior. The very fact of defying the Western powers is enhancing his prestige in Egypt, and throughout the Arab world in which neutralist tendencies are so prevalent.

Q Why did he use the Israel issue—what he called "the threat from Israel"—to justify the Czech arms deal?

A He has used the Israel issue as a cover, as a convenient excuse in order to impart to this move the semblance of defense and not aggression.

Q In your opinion, will Colonel Nasser's bid for leadership of the Arab world lead him to consider war with Israel?

A I think that is the inevitable course of logic. His ambition is to annihilate Israel.



—United Press

MILITARY DISPLAY IN CAIRO, EGYPT

Israel's Moshe Sharett: "Egypt's military budget is almost equal to the total budget of Israel"

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THIRD MAN IN BRITISH SPY CASE

How Burgess and Maclean Escaped the Trap

Did Harold Philby provide the tip that enabled two British spies to escape to Russia?

This question has been raised in Parliament, and more information about this mysterious man now is being revealed.

Mr. Philby was a British intelligence agent. His job was to guard against such spies as Burgess and Maclean. But he turns out to have been Burgess's friend.

Reported from
WASHINGTON and LONDON

Another mystery in the strange case of the two British diplomat-spies, Donald Maclean and Guy Burgess, now is coming to light.

Ever since May 25, 1951, when the Soviet underground spirited Maclean and Burgess behind the Iron Curtain a step ahead of security investigators, a serious question has agitated Members of Parliament in London: How did Maclean and Burgess know when to leave? Were they tipped off?

Members of Parliament now have more information. They are asking whether Harold A. R. Philby, one of Britain's most trusted secret-service agents at the time of the escape, was the "third man" who let the cat out of the bag.

Burgess, a close friend of Mr. Philby, got the first alert and set escape machinery in motion by telling a Communist contact man that he was in danger.

Actual flight from Britain by the two diplomats took place on the night of Friday, May 25, 1951. Burgess, tipped off ahead of time, got in touch with a Soviet agent and for several days busily made arrangements to flee. On the Wednesday preceding flight, he bought two tickets on a boat running from Southampton, England, to St. Malo, France.

When buying tickets, Burgess listed his traveling companion as a Mr. Miller. The companion turned out to be Maclean.

On the final Friday, Burgess spent part of the afternoon renting a car. In a lengthy telephone call, he got last-minute instructions on picking up Maclean, and on contacting Soviet agents after the pair got to France. From a mysterious tip, a mysterious vanishing act was about to begin.

Soviet agents realized that, if the jig was up with Burgess, then Maclean, too, probably was under suspicion. Maclean, head of the American desk in the Foreign Office, was the more important and brilliant of the two, in the Communist view. Both men had unstable characters, and if caught might reveal much of the Soviet spy network.

Following instructions, Burgess drove to Maclean's country home, presented himself under the name of Ronald Styles and talked privately with Maclean during a walk in the garden. Maclean returned to the house, told his wife that he had to leave overnight on business, picked up his brief case and rode off with Burgess.

The two men vanished soon after the boat docked at St. Malo. It now is known that they were sped to Moscow and are effective advisers on the tactics of Soviet propaganda and policy.

Does Harold Philby fit into this picture? Lieut. Col. Marcus Lipton, lawyer, former Army officer and Labor Member of Parliament, suggests that he does. Colonel Lipton repeatedly has pressed British Governments, both Labor and Conservative, for a fuller explanation of the Burgess-Maclean escape.

Raising the matter again last week, Colonel Lipton brought the name of Mr. Philby into the official record for the first time, asking Prime Minister Sir Anthony Eden whether Eden intends "to cover up at all costs the dubious third-man activities of Mr. Harold Philby . . ."

Mr. Eden's answer promised only that he would take part in a debate in Parlia-

GUY BURGESS
Whose tip-off led to his disappearance back in 1951?

4100 NEBRASKA AVE.
In Washington, D. C., the young diplomat roomed with a "third man"

–Wide World, Harris & Ewing

HAROLD PHILBY
He had a head wound when this photo was taken in Spain in 1937

[continued]

THIRD MAN IN BRITISH SPY CASE

ment sometime soon on such issues stemming from the diplomat-spy case.

The shadowy role of Mr. Philby in British affairs now is coming out.

When Maclean and Burgess suddenly decamped, Harold A. R. Philby was listed formally as First Secretary of the British Embassy in Washington. Informally, to Guy Burgess and other friends, he was known as "Kim," a sociable family man.

The real role of Kim Philby was as chief of the Washington office of MI-6, the most secret branch of the British intelligence service. He was in charge of security measures at the Embassy. A big part of that task was to look out for contacts between Britons and foreign agents, such as the Communists who had been in touch with three British atomic scientists —the deserter Bruno Pontecorvo, and the two spies Alan Nunn May and Klaus Emil Fuchs.

Harold Philby was assigned to Washington in 1949, took up his duties on October 10. Neither Burgess nor Maclean then was in Washington. Maclean had completed a four-year assignment in 1948 and had been appointed Counsellor of the British Embassy in Cairo. Burgess was still to come, 10 months after Mr. Philby's arrival.

Both Maclean and Burgess were the kind of people Mr. Philby was supposed to detect. Both had been independently recruited as Communist agents while they attended Cambridge University.

Over a period of years they separately embezzled file after file of secrets that involved not only Britain, but the U. S., Allied nations in Western Europe, and the Far East. Papers they took out at night were photographed overnight by Soviet agents and returned to filing cabinets the next day.

Maclean was gone from Washington but soon Philby was to be in closest contact with Guy Burgess.

Burgess arrived in Washington in August, 1950, to take a job as Second Secretary in the Embassy. The Philby family occupied a big, three-story rented house at 4100 Nebraska Avenue, not far from the Embassy. Burgess was provided a room in the house. Friendship blossomed between the secret agent of Britain and the erratic young diplomat.

Burgess was not long for Washington, however. He drank a great deal, was repeatedly caught driving recklessly, was outspokenly against some British policies, and was unable to satisfy Embassy officials with his work. In April, 1951, Burgess was ordered back to London, arrived there on May 4. Three weeks later he and Maclean slipped behind the Iron Curtain. In between, Burgess had gotten the vital tip that his past associations were being investigated.

The vanishing act of Burgess and Maclean remained unknown to the public for 13 days after they fled. Mr. Philby, ordered home while investigation in the case was proceeding, departed from Washington on June 11, 1951.

Three months after his return to Britain, Harold A. R. Philby resigned. Officials in London say that his resignation was tantamount to discharge, that he asked in vain to be allowed to retire rather than resign. He is reported to have received 5,000 pounds sterling, equivalent to $14,000, as compensation for not being allowed to retire.

Mr. Philby had been a British intelligence agent for several years. Exactly when he began working as a British agent is clouded. At 20 he was a correspondent for *The Times* of London, in Spain during the civil war won by Francisco Franco, with the British Expeditionary Force after World War II began.

Shortly after the war began Mr. Philby became a full-fledged counteragent. Some in London believe he had been an intelligence agent even while a correspondent. For his work during the war he received the Order of the British Empire.

Then came still bigger jobs. In 1946, Mr. Philby got diplomatic rank to cover his activities as an agent, was sent to Turkey as acting First Secretary in the British Embassy at Ankara. There he had a touchy job. Ankara swarmed with spies of many nations, including the Soviet Union. Turkey and the rest of the Western world wondered how far the Soviet Union might go in demanding Turkish territory bordering Russia.

After Ankara, Mr. Philby was assigned to Washington. In the U. S. capital he became the friend of Guy Burgess. Burgess was a Soviet spy, and somewhere got a tip that panicked him into fleeing to Russia with Donald Maclean.

The question now raised in the British Parliament is whether Harold A. R. Philby, perhaps believing he was only saving a friend from being fired, got that vital tip to Burgess. The mystery still is deepening.

What Britain Plans to Do About Burgess-Maclean Spy Case

British Prime Minister Sir Anthony Eden gave his Government's stand on investigating the Burgess-Maclean case in the following, from the official record of House of Commons proceedings, Oct. 25, 1955:

Lieut.-Colonel Lipton [Marcus Lipton, Labor] asked the Prime Minister whether he will move to appoint a Select Committee to investigate the circumstances of the disappearance of Burgess and Maclean in particular, and the efficiency of Civil Service security arrangements in general.

The Prime Minister (Sir Anthony Eden): No, sir.

Lieut.-Colonel Lipton: Has the Prime Minister made up his mind to cover up at all costs the dubious third-man activities of Mr. Harold Philby, who was First Secretary at the Washington Embassy a little while ago; and is he determined to stifle all discussion on the very grave matters which were evaded in the wretched White Paper, which is an insult to the intelligence of the country?

The Prime Minister: My answer was no to the hon. and gallant Member's question, which was not about all that, but asked for the appointment of a Select Committee. My answer remains no. So far as the wider issues raised in the supplementary question are concerned, the Government takes the view that it is desirable to have a debate, and an early debate, on this subject, in which I as Prime Minister will be glad to take part.

Mr. Robens [Alfred Robens, Labor]: Has the Prime Minister made any investigation as to the reason why briefs supplied by Foreign Office officials to Ministers answering questions in this House have been at so much variance with the facts of the case?

The Prime Minister: That seems to be one of the matters which might well be raised in the debate.

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What's Happened to War Secrets?

Many Still Locked Up, Despite Pledge to Release

Is the U. S. public being denied the full story of America's wartime deals with Russia?

Firing of a State Department historian raises this question. And several Republican Senators say they intend to find the answer.

Hope of some Republicans is that the secrets will be published in time for use in the presidential-election campaign of 1956.

When the Republicans took over the National Government in 1953, they expected to make political ammunition out of the secret records of America's wartime deals with Russia—made by Democratic Administrations.

A speed-up was ordered in the State Department's lagging program of publishing those long-hidden secrets. Publication was promised by the State Department "within a year."

The congressional-election campaign of 1954, however, came and went with the secrets still unpublished.

Now another, and even more important, election campaign is coming up in 1956, with the Presidency at stake.

And the records—except for an allegedly censored set of Yalta papers—are still kept secret.

An investigation? Several Republican Senators say that they are going to find out the reason for the secrecy. They want a full-scale probe.

Some Republicans say they would like to make sure that the secret records will be published in time for use in next year's presidential campaign.

This is one reason why the recent firing of a State Department historian has stirred such a strong reaction in Republican senatorial circles.

The historian, Donald M. Dozer, charges that he was fired because he protested against censorship and delays in publication of the wartime-conference records. And he accuses Democratic holdovers in the State Department of being responsible for the censorship and delays, with the aim of protecting the Democratic Party.

Another State Department historian, Bryton Barron, also was served with dismissal notice, but later was permitted to serve out the remaining few months before his retirement. Mr. Barron, who compiled the Yalta papers, is known to have protested exclusion of some documents from the Yalta record.

One example of what Mr. Dozer and Mr. Barron protested as censorship involves a cablegram sent late in 1944 by the former British Prime Minister, Sir Winston Churchill, to the late President Franklin D. Roosevelt. Sir Winston had just talked with Soviet Premier Joseph Stalin.

Sir Winston is described as telling President Roosevelt in this cablegram that Stalin had said he considered Mr. Roosevelt's re-election as President to be in Russia's interest.

This cablegram was not included in the Yalta record that was made public, and both Mr. Dozer and Mr. Barron protested its exclusion.

Someone protected? Mr. Barron also is reported to have told his superiors in the historical division that the "pattern of omission" of Yalta documents "revealed a disposition to protect a certain type of person."

Such charges are causing some Republicans to ask anew these questions:

- Is the public to be given the full story of America's wartime deals with Russia at Yalta, Teheran and Potsdam? Or is the record being distorted by suppression and deletion of significant documents?
- Why has the publication of these records been delayed so long, despite repeated prodding by Republican Congressmen?

In proposing a congressional investigation, Senator Styles Bridges (Rep.), of New Hampshire, declared that Mr. Dozer's charges indicate "a deliberate attempt to thwart the will of Congress."

Long fight. Congressional records show a history of 30 months of attempts by Republican Senators to bring the war's diplomatic secrets to light.

It began in April, 1953, when Senator William F. Knowland (Rep.), of Cali-

—U. S. Army Signal Corps

YALTA CONFERENCE: PART OF THE RECORD HAS BEEN PUBLISHED
. . . but Republicans think someone is being protected

fornia, wrote the State Department inquiring about the lag in publication of documents of the wartime conferences.

In reply, in May, 1953, Carl W. McCardle, Assistant Secretary of State for Public Affairs, assured Senator Knowland that "if existing resources are not seriously depleted, the documents should be ready for publication within a year."

A four-year plan for speeding up publication of such records was then presented by the State Department. The program lagged from the beginning. By April, 1954, the State Department was promising only the Malta, Yalta, Potsdam, Cairo and Teheran conferences for publication by June 30, 1955, with other wartime sessions—at Washington, Casablanca and Quebec—to wait until the following fiscal year.

Now, four months after the June 30 deadline, none of the wartime-conference records has yet been published in final form. Only the Yalta record has been made public, in unbound form—and that record is now attacked as having important omissions.

Explosive contents. Why some Republicans are anxious to get those remaining papers published before the presidential-election campaign may be explained by the reports of some persons familiar with their contents. One such person describes the Cairo and Teheran papers as "politically more explosive than the Yalta papers because they reveal the background of some of the Yalta decisions."

It was at Yalta that Russia was given concessions which many people now blame as contributing largely to Russia's postwar rise to menacing power.

The secret records, it is hoped by Republicans, will pin responsibility for such concessions on the Democrats.

Another set of records that Republican Senators have been trying to bring to light deals with America's Far Eastern relations during 1941—the year that led up to Japan's sneak attack on Pearl Harbor.

What is hoped by some Republicans is that the papers will support charges that President Roosevelt maneuvered Japan into entering the war and thus contributed to the Pearl Harbor military disaster.

The 1941 Far Eastern records, which the State Department once expressed hope of bringing out this year, now are down for later publication.

Who is responsible for all these delays is something that Republican Senators say they are anxious to learn.

The Dozer letter. Mr. Dozer, in his reply to the State Department's notice of dismissal, gave this explanation:

"The record shows the opposition of officials of the historical division [of the State Department] to the publication of records of the wartime conferences."

Mr. Dozer has described these "officials" as Democrats who were employed by previous Administrations and who remained in key posts in the State Department under the Eisenhower Administration. He became more specific in his letter of reply to the State Department, in which he said:

"Many efforts were made by Mr. Franklin, speaking avowedly for himself and Mr. Noble, to suppress papers from the Yalta record, some of which have political implications disadvantageous to the Democratic Party." [G. Bernard Noble is chief and William McH. Franklin is assistant chief of the State Department's historical division.]

"In short," Mr. Dozer wrote, "Mr. Noble and his assistants in the historical division have been responsible not only for administrative delays but also for suppression of documents which have resulted in only a partial and distorted compilation and the failure of the Department to meet its deadlines."

Another section of Mr. Dozer's letter that is drawing attention from some Republicans is this:

"In early 1952, Mr. Noble and Mr. Francis Russell, who was director of the Office of Public Affairs, assigned me the job of refuting Senator [Joseph R.] McCarthy's charges against the State Department, and of 'ghosting' a magazine article to be published possibly in *Harper's Magazine* denouncing McCarthyism. After I had spent several weeks on this project . . . I protested to Mr. Noble that this was an inappropriate project for the historical division. I was accordingly relieved of it. . . ."

Department's position. To Mr. Dozer's charges, State Department spokesmen have replied that "there is no subversion of the publication program." Compiling secret documents on sensitive international issues "is not like putting nuts and bolts together," they explain. "You have to do historical research, and then get clearances—in some cases from foreign governments—to publish the papers. And some clearances are taking a longer time than we guessed."

The records of the Potsdam, Cairo and Teheran papers are described by the State Department as now awaiting such "clearances."

What the Republican Senators say they hope to insure is that the wait is not too long. Some Republicans are making it plain that they don't want to wage another election campaign without the ammunition they hope these papers will provide.

WHY THE DISPUTE OVER PUBLICATION OF STATE DEPARTMENT PAPERS

What the State Department Promised

- **In May, 1953—**

  Records of all wartime conferences "should be ready for publication within a year" [by May, 1954].

  A four-year speed-up plan would be started to bring all the publication program "more nearly up to date."

- **In April, 1954—**

  Records of wartime conferences at Yalta, Malta, Potsdam, Cairo and Teheran would be published by June 30, 1955.

What the State Department Released

- **By November, 1955—**

  Records of only one wartime conference, that at Yalta, have been made public.

  And those records, it is being charged, are censored, incomplete.

The Question Now

When will the promised records of Malta, Potsdam, Cairo and Teheran be published?

FLYING SAUCERS: YOU'LL SEE SOME OFFICIAL ONES SOON

Real "flying saucers"—not fanciful space ships containing little men from Mars—will take to the air now in many forms.

Official word is this: "Saucers" are not interplanetary, not a secret weapon. But aircraft with saucer-like characteristics are recognized as in the development stage, with some now flying.

Actual craft are "convertiplanes," as reported five years ago.

The strange object that you may see in the skies in the future can turn out to be a "flying saucer" by official admission.

Aircraft of "saucer" types, now in the advanced development stage, are to be built for the U. S. Air Force. How those craft will appear to the eye is shown by the drawing made public by the Air Force, reproduced on this page.

This is the first public announcement that aircraft with the appearance and characteristics of so-called "flying saucers" are being developed, will be built.

In the issue of *U. S. News & World Report* for April 7, 1950—five years ago—there was a description of the "flying saucer" projects of that time. Projects referred to then also were "convertiplanes," combinations of helicopters and conventional aircraft. Pictures of those models show a close similarity to the planned Air Force convertiplanes of 1955.

At that time, the "saucer" was described in this way:

"The first U. S. model, designed by Charles H. Zimmerman, of NACA [National Advisory Committee for Aeronautics], was elliptical in shape, powered by two piston engines and driven by twin propellers. [See picture on page 64 of this issue.] It had a maximum speed between 400 and 500 miles an hour.

"More important, it could rise almost vertically and its minimum speed for landing was only about 35 miles an hour, a great advantage in military and naval aircraft. And it was far more maneuverable than conventional military planes."

Navy was first. What happened to this early "saucer" model? The 1950 report states: ". . . It was purchased by the Navy after the original model was tested in 1942. The first full-sized aircraft, built by Chance-Vought, was thoroughly tested by Navy engineers. Then a statement was released that this project had been dropped. Early experimenting with 'saucers,' thus, centered in the Navy."

Now the U. S. Air Force, making public plans for "saucers" of its own, tells what is happening in this way:

"We are now entering a period of aviation technology in which aircraft of unusual configuration and flight characteristics will begin to appear.

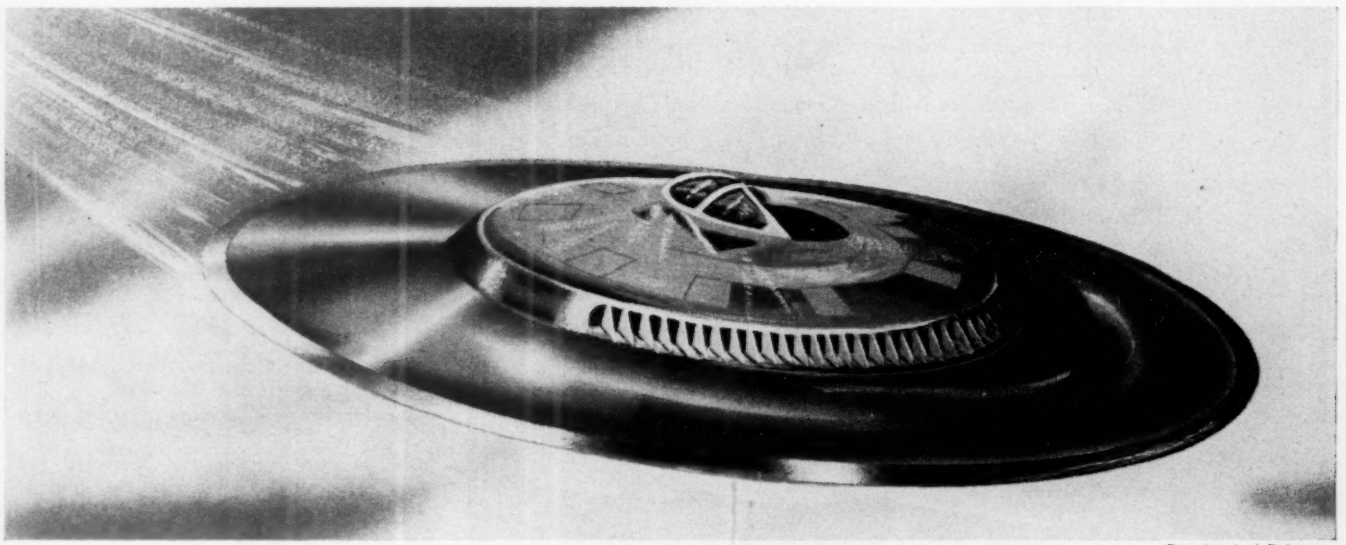
"The Air Force and the other armed services have under development several vertical-rising, high-performance aircraft, and as early as last year a propeller-driven vertical-rising aircraft was flown. The Air Force will fly the first jet-powered vertical-rising airplane in a matter of days. We have another project under contract with AVRO Ltd., of Canada, which could result in disc-shaped aircraft. . . ."

The Air Force, at the same time, announced the results of a long-term study of "flying saucer" reports. About a fifth of all reports received from civilians and airmen, AF concluded, were actually "aircraft" of some kind. The study did not explain how many of these were experimental craft, of the kind that precede announced construction of convertiplanes.

Other findings of the new "saucer" report include these:

- The concept of "flying saucers" as interplanetary vehicles, carrying "little men from Mars," is disproved.

"All available data," the report states "were included in this study, which was prepared by a panel of scientists both



—Department of Defense

FLYING SAUCER—AIR FORCE STYLE

This is a military artist's sketch of an aircraft actually being developed

in and out of the Air Force. On the basis of this study, it is believed that all the unidentified aerial objects could have been explained if more complete observational data had been available. . . .

As . . . impressions and interpretations have been replaced by the use of improved methods of investigation and reporting, and by scientific analysis, the number of unexplained cases has decreased rapidly towards the vanishing point."

• Man-made "saucers," now to be built, will have the same basic characteristics that, since 1947, have astounded thousands of persons who reported seeing "flying saucers." The new craft will be able to rise vertically, or almost vertically, travel horizontally at speeds far above normal airplane speeds, maneuver more rapidly than conventional planes, perform feats of turning and climbing that would be impossible with conventional aircraft.

WHAT AIR FORCE THINKS "SAUCER" VIEWERS SAW

(Sightings reported Jan. 1 to May 5, 1955)

Aircraft	21%
Balloons	26%
Shooting stars, planets	23%
Other phenomena	20%

Note: The Air Force said it had insufficient information about 7%, and classified 3% under "unknown."

• Over a five-year period, "flying saucer" reports came from all sections of the country, but the biggest concentrations of reports were from New Mexico, Southern California, East Texas and Ohio.

Development of new types of convertiplanes, at the same time, has been going on principally in Southern California, Texas and Ohio, with some research at missile ranges in New Mexico—the same areas where most "saucers" were reported during this five-year period.

• Actual aircraft appearing in "saucer" reports in the U. S. thus far—have been American varieties, not foreign vehicles bent on espionage. Air Force Secretary Donald Quarles states: ". . . We are satisfied at this time that none of the sightings of so-called 'flying saucers' reported in this country were in fact aircraft of foreign origin."

Goal: no runways. Behind the whole array of strange objects now being devel-

(Continued on page 64)

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[continued]

YOU'LL SEE REAL FLYING SAUCERS

oped is the problem of runways. The Air Force needs fast attack and interceptor planes that are not dependent on runways of a vulnerable network of bases overseas but can be launched anywhere despite enemy attacks on present air bases. The Navy wants fast aircraft that can be launched from any naval vessel, without the need for the runways on big, costly and vulnerable aircraft carriers. And the Army has long sought a fast, tactical plane that can be landed and launched right at the front lines where it is needed, not tied to runways that may be far away.

Experimentation to fill that need with some new type of aircraft has been going on constantly since early in World War II. It has produced a wide variety of convertiplane types, some circular, some resembling helicopters, some still on the "secret" list. Of those now revealed publicly:

The XV-1, developed by McDonnell Aircraft at St. Louis, has an engine that powers a three-bladed rotor to lift the plane vertically for a take-off, then switches over to power a pusher-type propeller in the rear for forward flight. This model is about 30 feet long, 10 feet high.

The XV-3, developed by Bell Aircraft at Fort Worth, Tex., has two rotor propellers mounted at the tips of its stubby wings. These propellers tilt up to act as helicopter rotors for a take-off, then tilt forward to provide forward power in flight. A similar model also has been developed by a firm in New Jersey.

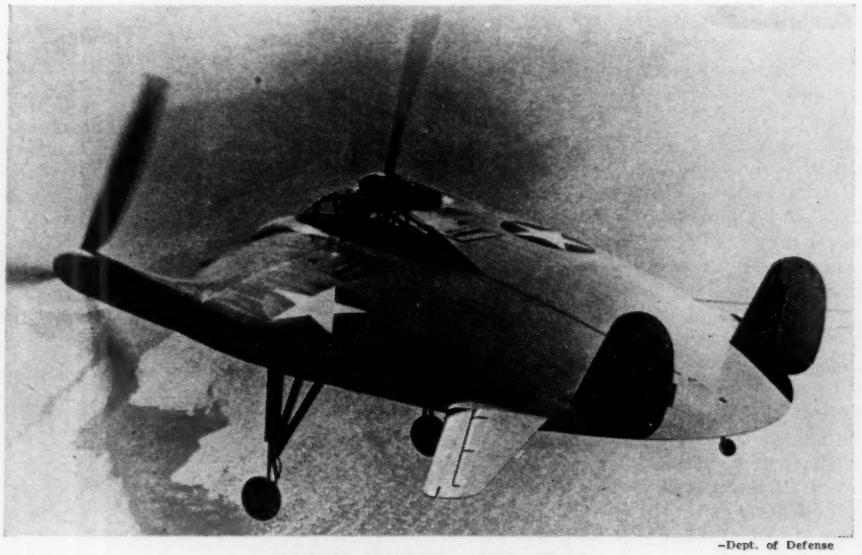
The VTOL, built by Bell Aircraft in Buffalo, N. Y., is jet-propelled, with jet engines on either side of the fuselage providing vertical push for a take-off, then revolving 90 degrees to power the forward flight.

The Navy's XFY-1 "Pogo Stick," developed by Convair on the West Coast, uses a turboprop to pull it straight up in the air; then the aircraft turns into a horizontal position to operate as a conventional plane, the propeller pulling it forward.

The first jet model using the "Pogo Stick" principle with straight-jet propulsion is about to be test-flown by Ryan at San Diego. Other types are being developed and tested in the air by half a dozen other aircraft concerns in the U. S., plus at least one in Canada.

Developments like these all have taken place in the years since World War II, in the same period in which "flying saucers" caught the popular imagination. The *New York Herald Tribune,* noting this, asked editorially one day last week: "Assuming there have been no such things as saucers, how did it happen that men and women began thinking they saw them just when they were about to come within the purview of practical engineering?"

Real aircraft with "saucer" characteristics, in any event, now are being developed in several parts of the U. S. These new forms of aircraft, moreover, are reaching a stage that indicate a major step forward is about to be taken in the science of flying.



—Dept. of Defense

FLYING SAUCER—NAVY TYPE
It went 400 to 500 miles per hour

Why did I ever promise you that!

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"UNESCO" Under Fire —But What Is It?

The name is UNESCO. But what does it do?

This cultural offshoot of the United Nations again is in hot water. The American Legion recently denounced it.

UNESCO was cleared in four investigations. But many persons still fear it is teaching children to put "the world" ahead of the United States.

Controversy over UNESCO—United Nations Educational, Scientific and Cultural Organization—refuses to subside in the United States. Of all the agencies connected with the United Nations, this one seems to arouse the strongest feelings.

UNESCO was denounced by the American Legion at its recent national convention. The school system of Los Angeles barred any special course that dealt with the agency. UNESCO has been an issue in school-board elections and in disputes over school policy in many cities. It is accused of being communistic and atheistic, and of promoting the cause of "world government." Most of the criticism is focused on its suspected influence on school children.

—U.N.

UNESCO'S LUTHER EVANS
. . . a budget of 10 millions

Yet, in at least four major investigations of UNESCO, it has been given a clean bill of health each time. These investigations were conducted for the President, for Congress, by the Chamber of Commerce of the U.S.A. and by a special committee of the American Legion itself.

All this brings up the question of what kind of an organization UNESCO really is, what it does and what its aims are.

A quiet start. No hint of future trouble was raised in 1945 when Congress approved the establishment of the agency. It was sponsored by Senator Karl E. Mundt (Rep.), then a Representative from South Dakota, and by Senator J. William Fulbright (Dem.), of Arkansas, and the late Senator Robert A. Taft (Rep.), of Ohio.

The idea behind UNESCO was that it should work for peace, along cultural and economic lines, while the United Nations worked at the political level. UNESCO gives scientific and technical aid to underdeveloped countries. It promotes education where the illiteracy rate is high. It conducts studies and conferences of scholars and distributes literature for the purpose of obtaining better understanding and harmony among the world's peoples.

UNESCO is not a big organization. It has a budget of about 10 million dollars a year. It is quartered in Paris, in a hotel, and is now building headquarters near the Eiffel Tower, at a cost of 7 million. It has 1,000 employes, many of them Americans.

The United States contributes about 3 million dollars yearly to the agency. The Director General is an American, Dr. Luther H. Evans, former Librarian of Congress.

Control of the organization is in a general conference of the 74 member countries. The conference meets every two years. Between meetings, policies are set by an executive board of 20 persons. Representing the U. S. Government on this board is Dr. Athelstan F. Spilhaus, dean of the Institute of Technology of the University of Minnesota.

Russia's role. One Russian now sits on the executive board. But that is a new development.

The Soviet Union refused to join during UNESCO's first eight years. Soviet speakers harshly attacked UNESCO, and

(Continued on page 68)

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[continued] **"UNESCO" UNDER FIRE—WHAT IS IT?**

the Soviet Government barred its publications and didn't even reply to its correspondence.

Soviet satellites Poland, Hungary and Czechoslovakia joined UNESCO before the lines were drawn in the "cold war." But they withdrew in 1952 and 1953, after Spain, which has been refused membership in the United Nations, was admitted to UNESCO over their protests. They charged, in departing, that UNESCO was ruled by U. S. imperialists and was placing itself "at the services of U. S. warmongers."

But last December Russia finally joined, after the Communist peace offensive was launched. Then all three satellites trooped back in.

Inside U.S.A. The opposition to UNESCO is concerned primarily with what the agency is doing within the United States. It publishes and distributes literature and sponsors scholarly and educational conferences. Much of the talk and writing is intended to teach people to be sympathetic with the problems of other nations. Speakers and writers have urged people to think in terms of "world citizenship" and to be "world minded."

Such ideas have alarmed many people, who construe them to refer to "world government"—the theory that the way to avert war is to place all nations under a single governmental authority. UNESCO's sponsors have repeatedly denied that it is promoting any such notion.

All UNESCO activities inside the United States are carried on by a volunteer group, the National Commission for UNESCO. This was created by Congress at the time it approved joining UNESCO. It comprises 100 representatives of federal, State and local governments, and of national organizations—among them the American Federation of Labor, the National Grange, the National Catholic Welfare Conference and the Veterans of Foreign Wars.

The question of loyalty of Americans employed by UNESCO also resulted in attacks. When the U. S. Government raised the issue of whether some of UNESCO's American employes were security risks, Dr. Evans at first declined to fire them. He questioned the right of any nation to influence the personnel policies of an international organization. A loyalty-check system was finally devised and, after two years of controversy, seven employes were dismissed.

Dr. Evans, meanwhile, had been publicly rebuked by the U. S. Ambassador to the United Nations, Henry Cabot Lodge, Jr., for failing to take action earlier.

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FROM THE CAPITALS OF THE WORLD

GENEVA....CAIRO....WASHINGTON....SAARBRUCKEN....

>> To understand why the Big Four foreign ministers at Geneva keep looking over their shoulders toward the Middle East.....

Soviet arms are being landed in Egypt in volume.

Eight shiploads have already arrived. MIG-15 jet fighters, crated, are reported on the docks at Port Said. IL-28 jet bombers are apparently en route by ship, since Soviet plans to fly them over from Bulgaria were disrupted when the Allies refused to allow the bombers to refuel in Cyprus or Greece.

A total of 200 Soviet planes, 100 tanks, half a dozen submarines, along with substantial quantities of artillery, is said to be involved in this arms deal between Egypt and the Soviet bloc. Cost to Egypt is put at 80 million dollars--about one fifth, or even less, of the going rate for such hardware.

>> Soviet technicians are getting into Egypt along with the Soviet arms.

So far, 14 arms experts from the Soviet bloc have reached Egypt. In all, 40 technicians are expected. Tendency will be for this number to grow.

A Soviet military mission, in effect, is moving into Egypt even though Premier Nasser insists that Egypt wants no foreign military missions around.

>> Inevitable result of Soviet arms shipments is an upsurge of war talk in both Egypt and Israel, now that Egypt sees its military power rising.

But at Geneva it's the Allies, not the Soviet diplomats, who are worried.

Immediate worry is the danger of an Arab-Israeli war. The danger appears greater now than at any time in years.

Another worry is the price Moscow may ask, at Geneva, for shutting off the arms race it helped to start. The war threat in the Middle East has suddenly given Moscow a very handy bargaining weapon for use at Geneva.

To show you how this bargaining weapon may be used.....In Paris, Soviet diplomats have hinted to French diplomats that, if France will support Moscow's German policy, Moscow might cool off the Middle East, maybe North Africa too.

>> Two things about the Soviet arms shipments to Egypt are unusual.

Speed with which the arms have moved from Soviet ports to Egypt surprised the Allies. Usually a deal like this between Cairo and the Soviet bloc takes many months to put into effect. Not this one. In June, U.S. learned that a deal was in the talk stage. In September, U.S. couldn't stop it. It was too late.

Cut-rate prices for Soviet arms also make this Cairo deal unusual.

A MIG-15 for $50,000 is quite a bargain. A submarine for $1,500,000 is cheap these days, too. Yet these are the prices Moscow is reportedly asking of Cairo--far below the prices Communist China had to pay Moscow a while ago.

(over)

Why these bargains? One reason seems to be that Moscow has a tremendous supply of obsolescent planes and tanks on hand, and wants to dispose of them where they'll serve the Soviet interest. A more urgent reason is that Soviet policy requires Russia to penetrate the oil-rich Middle East, to upset Western defense plans in the area before the plans really go into effect.

Timing of this Soviet arms deal, speed with which it was implemented also give Moscow an unexpected bargaining advantage at Geneva.

>> What baffles Western diplomats at Geneva is how to get Soviet Russia out of the Middle East, how to keep arms shipments to Arabs under control.

Russia's story is that Prague, not Moscow, is selling arms to Egypt. And besides, if West can sell arms to Arab nations, why can't Soviet Russia? Also: If it's dangerous to arm the Middle East, why has the West been doing it?

These are tough questions for Allied diplomats at Geneva to handle. Truth is, Moscow has Allies over a barrel in Egypt. For a size-up of the Middle East, see interviews with the Premiers of Egypt and Israel, starting on page 48.

>> Moscow's chief delegate at Geneva, Foreign Minister Molotov, is giving the impression that the Kremlin "likes Ike" more than ever, now that the President is ill. By a series of carefully phrased hints to Allied diplomats.....

The President's illness, Molotov intimates, means that U.S. policy will be rigid, less compromising than ever. No dramatic new proposals like Ike's plan for aerial inspection can now be expected from the U.S. Nobody but a man with President Eisenhower's prestige could sell such a plan to the Americans.

Molotov's hints, in addition, suggest that nothing much can be expected from the U.S. for the next 14 months--or until a new President is elected. And even then, Molotov adds, a new U.S. President may be an uncertain quantity.

Molotov's tactics thus not only permit him to play a stalling game at Geneva now, but also lay the groundwork for future Soviet attempts to extract new concessions from subsequent U.S. Administrations later on.

The Molotov line: If only Ike were at Geneva, things would be different.

>> Molotov is probably aware that there is a real feeling in Europe that the U.S., with Ike inactive, may have to mark time in dealing with Russia.

As "The Times" of London puts it: "New decisions are being postponed so far as is possible until the President returns to Washington...there is anxiety that during this interregnum the initiative may continue to be seized by the Russians and lost by the West...."

Molotov's idea is to turn European opinions like these to his advantage.

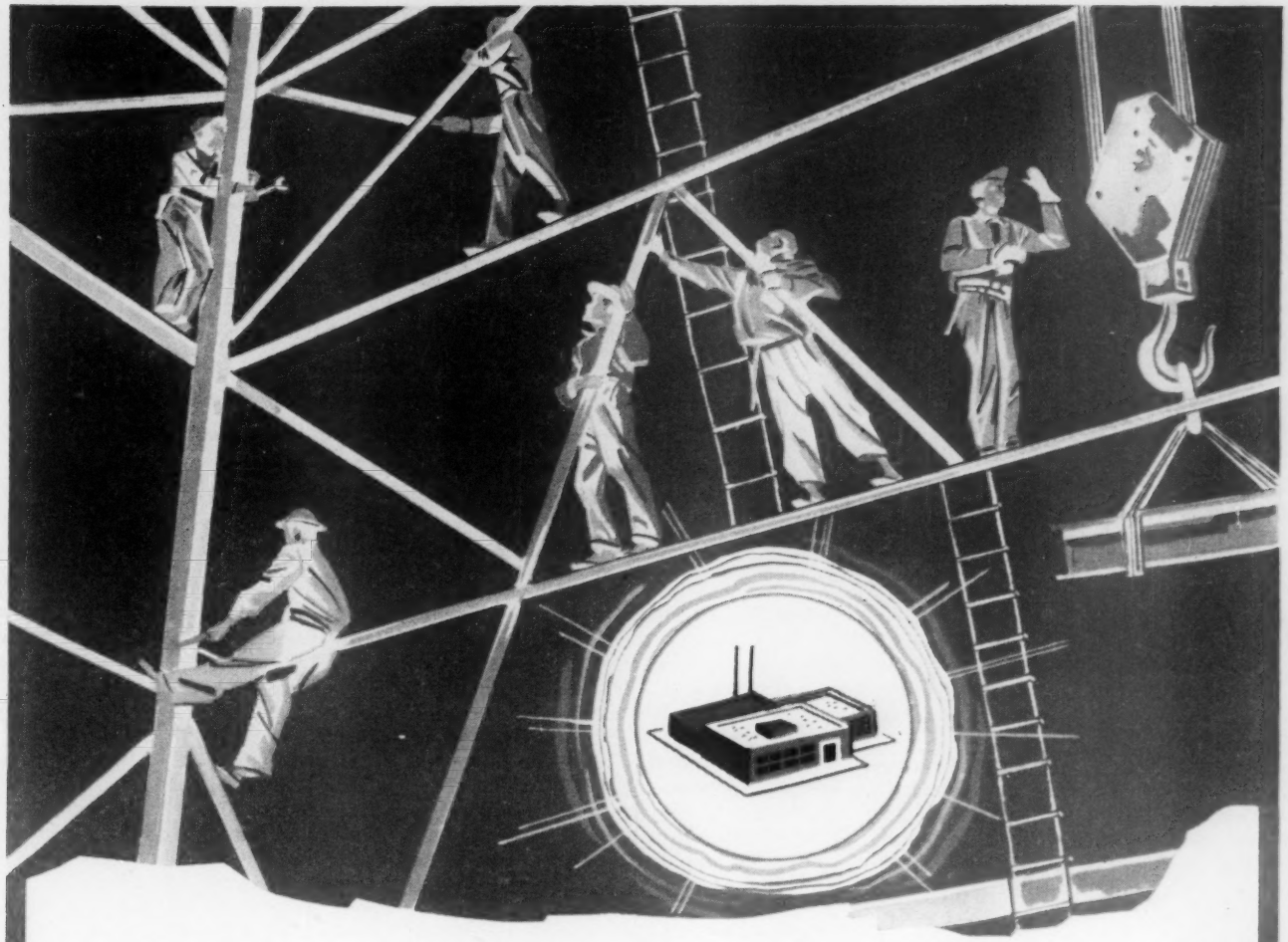
>> That vote in the Saar the other day not only revived an old Franco-German controversy but poured cold water on the idea of a U.S. of Europe.

Saarlanders made it clear they're against rule by a European parliament.

A U.S. of Europe, even when advocated by leaders like Churchill of Britain, Jean Monnet of France, Paul-Henri Spaak of Belgium, seems to lack political appeal when the votes are counted. Nationalism is still preferred.

For Saarlanders, nationalism seems to mean rule by Germany, not by France. This wasn't the question on the ballot, but Saarlanders felt it was the issue.

Right or wrong, the trend in Europe--as in Asia and Africa--is toward more nationalism, even if it does mean dangerous rivalry between neighbors.



Build your place in the sun

Business continues MOVING FORWARD in the South far more rapidly than in the nation as a whole. For example: bank debits have increased 746% since 1935 in the South compared to 404% for the U. S. Bank debits, the total of all checks drawn on banks and paid by them, provide an accurate measure of economic climate.

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THE MAN ... Governor Lausche

THE NEWS ... Another Dark Horse

—Harris & Ewing

The South Gives a Push To a Favorite Son From Ohio

Democratic presidential maneuvering takes a new turn. Southerners push forward a Midwesterner, Ohio's Governor Lausche. Businessmen like him, and workingmen vote for him, too.

THE NAME of Frank J. Lausche, five-term Democratic Governor of usually Republican Ohio, suddenly has been added to the little list of men who might get the Democratic presidential nomination next year.

Governor Lausche, perhaps unwillingly, joins this small circle as a tentative candidate of the South. Southern leaders frankly are dissatisfied with all the party's leading presidential possibilities. They are seeking a man more pleasing to their "conservative" tastes.

So Senator Richard B. Russell, of Georgia, talked approvingly of Governor Lausche at a press conference. He spoke of him as a "middle of the road" Democrat who would make a formidable candidate. In all political matters, Mr. Russell speaks authoritatively for many of the Southern leaders.

—Warren in the Cincinnati Enquirer

"LET ME KNOW HOW IT IS"
Will the South shove him in?

The Governor is a sturdy independent. Throughout an unorthodox political career he has not hesitated to stomp on the toes of politicians, labor and management groups alike. A few months ago he said he might go to the 1956 Convention as Ohio's "favorite son." Now he is saying nothing about such plans.

Mr. Lausche's friends say he is not a man to rush into situations or tie himself up readily with any group or faction. He probably wants to know more about what underlies the Southern gesture.

A powerful bloc. Political leaders of the South at this time are counting up 290 Convention votes in the 11 Southern States and trying to decide how to get the most out of them. This big bloc of votes, if cast solidly or nearly so, could, in a closely divided Convention, become a lever for securing a nominee or platform acceptable to the South.

Some Southern leaders have spoken cordially of Adlai E. Stevenson, the 1952 nominee. Nevertheless, most of them feel that Mr. Stevenson stands too far to the "left," too far to the "liberal" side to be entirely acceptable. At the same time, nearly all Southern politicians reject the candidacies of Governor Averell Harriman, of New York, and Senator Estes Kefauver, of Tennessee.

Together with some national party leaders, the Southerners are hopeful of an open Convention, one in which none of these candidates would be assured of the nomination on an early ballot. In such a deadlock, the 290 Southern votes would become a rich prize. They would be nearly half the total of 616 needed for nomination.

Add to these the 54 Ohio votes that Mr. Lausche probably would control, plus support elsewhere for the Ohio Governor, and the nomination of any candidate opposed by the South might be blocked—as long as Mr. Lausche would hold out. The Governor, however, is notably not one to stand with a halter on him.

Precedent breaker. Mr. Lausche has achieved political success by not adhering to most of the political rules and principally by going his own way, regardless of blocs and groups and political organizations. He is a tremendous vote getter and his appeal is to all classes.

Republican businessmen like Mr. Lausche because, as Governor, he has been an economizer, a budget balancer, a man who eyes every proposed expenditure suspiciously. He has fought off lobbyists and pressure groups, big and little, of all kinds. There is general agreement that he has given the State an efficient government.

Despite the opposition of union lead-

(Continued on page 74)

—United Press

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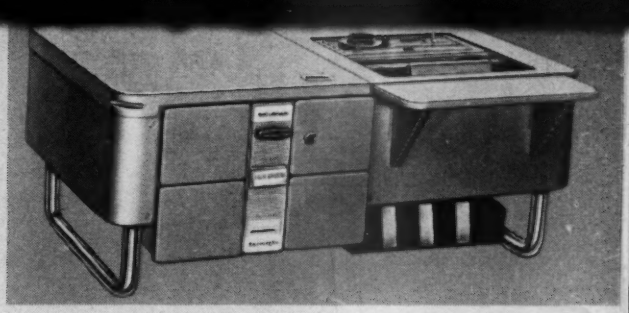

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. . . Party leaders often oppose Lausche, but he wins anyway

ers, Mr. Lausche gets the votes of thousands of workingmen, too. Over the years, the workers have come to regard him as one of them, a politician of humble beginnings in whom they have confidence. And as a campaigner he is brisk and magnetic.

The Governor is tall and trim, with a shock of curly, graying hair. His campaign oratory often grows emotional. Sometimes tears are included. It all piles up his election-day totals.

Now nearing 60, Mr. Lausche was born in Cleveland and reared in one of that city's poorer industrial sections. His father, a steelworker, died when the son, one of 10 children, was 12. The boy went to work at a variety of jobs, finally became something of a success in semi-professional baseball.

World War I brought Army service. He emerged a first lieutenant and with plans for a future. A minor-league baseball club offered him a contract, but he rejected it and returned to Cleveland, determined to become a lawyer. Night study got him a law degree, and at 25 he passed the State bar examinations with a grade of 91.7 per cent, second among 160 candidates.

Up the ladder. A prominent law firm in Cleveland took Mr. Lausche in and gave him experience as a trial lawyer. But politics was beckoning. As a precinct and district worker he helped elect a Democratic mayor. His reward was appointment to a municipal judgeship to which he later was elected. He went on to a county judgeship and then became mayor himself.

As mayor, he quickly displayed his independence of the organization that helped elect him—he retained several Republicans in high city offices. In 1944, Mr. Lausche ran for Governor, was elected, and again proceeded to snub the organization. Democratic leaders swore to get him and, in 1946, they did.

However, in 1948 he was back again, smashed the organization in the primaries, won the general election by 221,000 votes. That year President Truman carried Ohio by barely 7,000. Since then Mr. Lausche's re-election has become a biennial fixture. In 1952, when Dwight D. Eisenhower, the Republican, carried the State by 500,000 for President, Mr. Lausche, the Democrat, was not far behind with a 426,500-vote victory for the Governorship.

Next year, the Governor could run for re-election, or for the U. S. Senate, in the latter case with most observers believing he could defeat the present Republican Senator, George H. Bender. Or he can have his fling at presidential politics. There, despite the South's support, politicians think he would find a number of hurdles between himself and the nomination.

Liabilities. The Governor could expect little support from labor groups or from leaders of big-city organizations. He has alienated both, and help from these quarters is important.

The Ohio CIO, for example, never has supported Mr. Lausche since his first election as Governor. In 1954, when he last ran, the CIO endorsed every candidate on the Democratic State ticket except him. Out of consideration for Mr. Lausche's popularity among laboring men, however, the CIO leaders played neutral, did not endorse his Republican opponent either.

Then there was the instance of 1950, when the late Senator Robert A. Taft was seeking re-election. Mr. Lausche rejected the importunings of labor leaders and the national Democratic Party alike, that he endorse the Democratic candidate, Joseph T. Ferguson. He declined to do so, remained outwardly neutral to the end. Mr. Taft won, with ease.

Mr. Lausche says: "If there is anything that I have done in my life about which I have no regret, it is the fact that I have kept political bosses at arms' length." Such an attitude is not calculated to help him with Democratic-organization leaders who will have much to say about next year's nomination.

Another objection, sometimes raised, is that Mr. Lausche, as a Roman Catholic, might not be acceptable to some voters. The loss of several Southern States in 1928 by Alfred E. Smith usually is mentioned in this connection. Many think, however, that this issue is losing its force, that the Southern support offered Mr. Lausche is proof, in itself.

Several supporters. Senator Russell is not the only Southerner who has spoken cordially of Governor Lausche. Friendly statements have come also from Senators John L. McClellan, of Arkansas, and Spessard L. Holland, of Florida. And, importantly, Governor Allan Shivers, who led Texas into the Eisenhower camp in 1952, has said he would approve Mr. Lausche's nomination.

The Governor has been mentioned before as a presidential possibility, but never with such an offer of support as now comes tentatively from the South. Some doubt that he would prefer to enter the contest on that basis. But, whether he likes it or not, Governor Lausche has become one of the leading prospects for the Democratic nomination, adding new intricacies to an already intricate situation.

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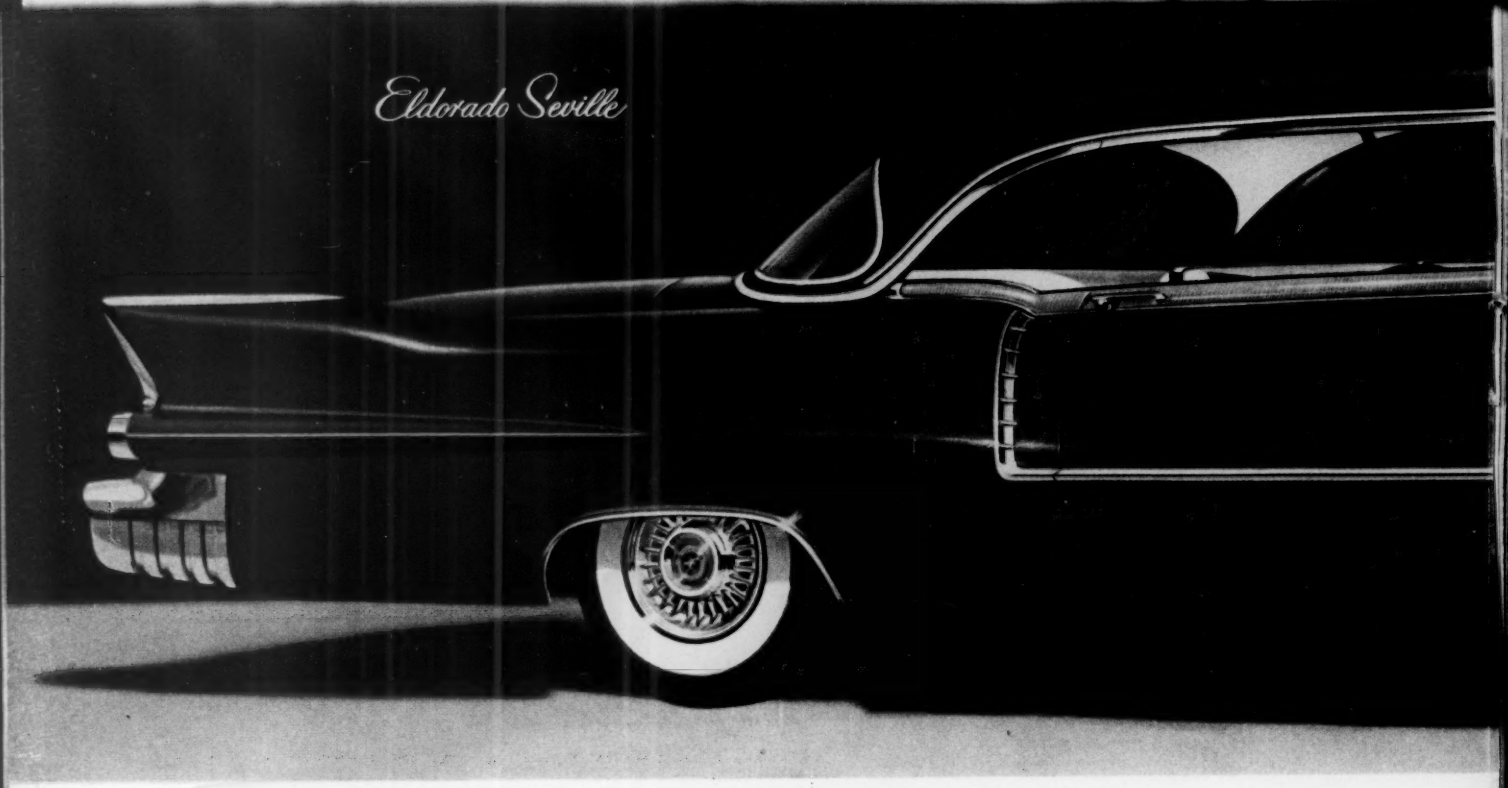

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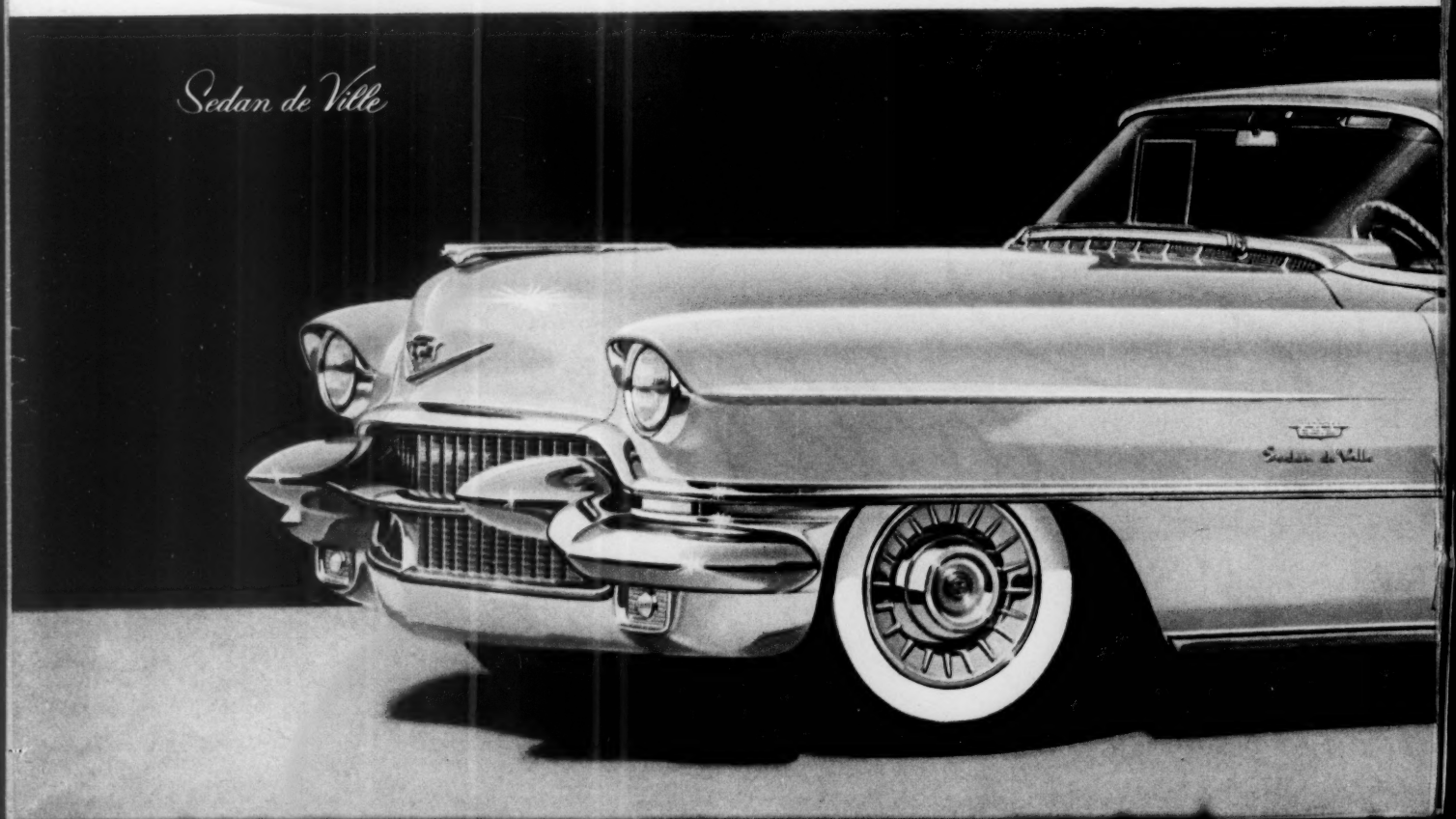

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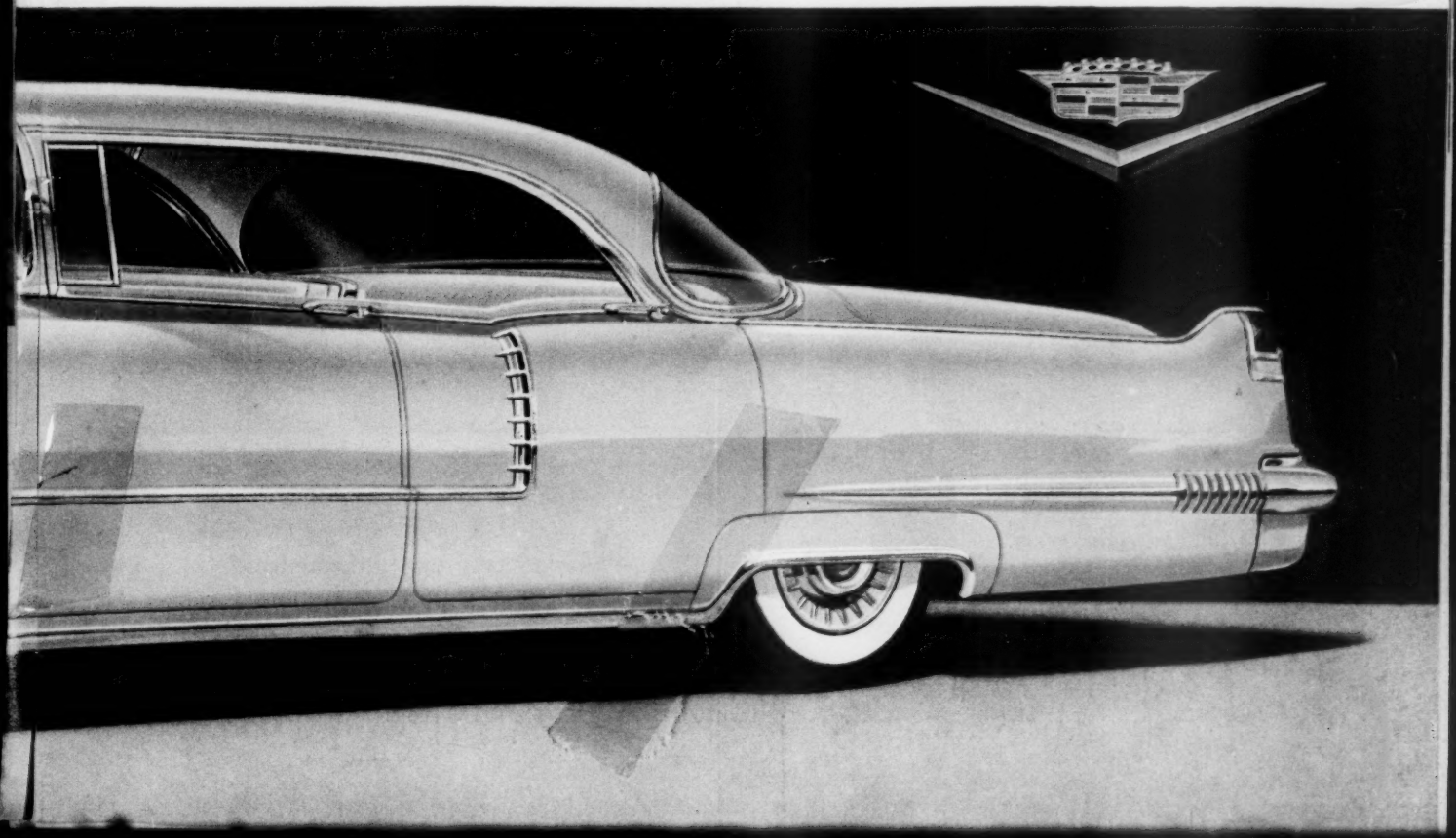

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We've Been Asked:

WHO GETS MONEY FOR FLOOD CONTROL

- **This summer's severe floods in the Northeast have brought demands for more protection in the future.**
- **Billions of dollars have been spent in the fight to hold back flood waters, but some areas have received much more assistance than others.**

With recent flood disasters in the Northeast, the question is raised: Who's getting the flood-control money?

The bulk of the money goes to the great river basins of the West and Middle West. As examples, this year the Columbia River basin gets 97.5 million dollars for construction and the Missouri River basin 87 million. Largest amounts for individual construction are 63.5 million for The Dalles Dam in Oregon and Washington and 37 million for projects on the Mississippi River and tributaries. Some of these projects have other purposes, but all have a bearing on flood control.

Altogether, how much is being spent?

The Federal Government is spending 238 million dollars on construction in the fight against floods this fiscal year—the 12-month period ending next June 30.

Of that, how much is New England getting?

Just under 3 million dollars was set aside by Congress for new flood-control work in New England this year.

Why doesn't New England receive more?

There are various reasons. In New England, there often has been considerable opposition to the building of large flood-control projects. To build dams and reservoirs, some large areas of land needed would be in thickly populated sections. This would require replacing many homes, factories and other industrial establishments, some of which for generations have been located on the banks of rivers. This problem doesn't come up so often in the more open areas of the West.

Largely because of local opposition, there has been a lag in federal funds for flood control in New England. Additional anti-flood facilities have been approved by Congress, but the money for the work has not been provided. Since 1927, Congress has spent 4.5 billion dollars on flood control for the entire country. About 53 million of that was appropriated for flood control in New England.

Is flood control always handled entirely by the Federal Government?

No. State governments often have a hand in flood control.

Is the job ever tackled locally?

Yes, that has been done. The first, and perhaps most notable, example of that was in southwest Ohio, after a severe flood in 1913 killed 361 persons and caused tremendous property damage in the Dayton area. The people of the Miami River region got together and decided to do something about it.

What was done?

Under authorization of the Ohio Legislature, the Miami Conservancy District built a series of five protective reservoirs and other facilities on the Miami River and its tributaries. These reservoirs usually are dry, but, when a flood threatens, they draw off and store excess water. There has been no serious flood damage in this area since the control facilities were built.

How was this project financed?

Bonds were sold in the Miami District and in other parts of the U. S. The bonds paid interest of 5½ per cent. Total cost of the project was 31 million dollars. An annual assessment was placed upon persons and industries benefited by the protection. Through these assessments, all of the bonds were paid off in 29 years.

Have other localities used the Miami District plan?

Not exactly. Some other regions have built flood-control projects, but they followed plans different from that of the Miami District.

What's planned now for New England?

After two disastrous floods in the Northeast this summer, New England Governors are pressing for more federal funds for flood control. The President has promised to ask Congress for an expanded program. As a result, it's generally expected that New England States will get a larger share of flood-control money.

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Interview with REAR ADM. GEORGE J. DUFEK

Commander, Antarctic Task Forces

WHY THE RACE TO THE ANTARCTIC

What's the reason for world-wide interest in the Antarctic at this time? Why is U. S. sending another expedition to that area?

Here are revealing answers given by the task-force commander for the new expedition, Rear Adm. George J. Dufek.

This latest U. S. venture into the frozen continent will be under the leadership of Rear Adm. Richard E. Byrd, as Officer in Charge of the U. S. National Antarctic Program. He was given the assignment by direction of the President. It is Admiral Byrd who by four expeditions in recent years is credited with reviving interest in the Antarctic after a century of neglect.

Admiral Dufek, a veteran of two of those expeditions, was chosen by Admiral Byrd to command the naval ship force this time.

Locked in Antarctica's ice, Admiral Dufek feels, may be answers to atom-age problems.

Q *As a result of various expeditions in the past, Admiral Dufek, do we claim territorial rights in the Antarctic?*

A The past and present situation has been this: Certain nations claim certain sectors, and in some instances they overlap—especially in the Palmer Peninsula, which is just south of South America. Chile, Argentina, and the United Kingdom all have claims which overlap. The United States position has been in the past and is today that it makes no claims, and, on the other hand, it recognizes no claims, but reserves the right to go anywhere in the Antarctic.

Q *Why does anyone want to go down there?*

A It may be very valuable.

Q *Why would it be valuable?*

A That we don't know, but the possibilities are there. Three hundred and fifty million years ago the Antarctic was tropical.

Some coal and copper deposits have been found in the area but not of sufficient value for commercial purposes. But it's reasonable to believe that, with 6 million square miles of mountains under the pressure of this tremendous ice cap, there are valuable minerals there—possibly uranium. On the other hand, 50 or 100 years from now it may not be minerals that we want to get out of there.

There may be other things science will develop—something that we do not know at present. For instance, we are not sure where the weather starts, but if it starts in this mass at the bottom of the earth then perhaps we could predict the weather more accurately throughout the world.

Q *Is there any habitation in that area?*

A There is no habitation.

Q *Has there ever been?*

A Millions of years ago there may have been some living things there.

Q *Were there people there?*

A Well, we have no proof of that. We haven't found any human remains. But we have only scratched the surface of this continent.

Q *You might find that people lived there then?*

A It's possible.

Q *But is it a continent of land—it isn't just an ice mass?*

A No, it's land. The area itself is bigger than the United States and Europe combined.

Q *It's unlike the Arctic, which is mostly water?*

A The major difference is that in the Arctic the geographical North Pole is located in the middle of an ocean 10,000 feet deep. In the Antarctic, the South Pole is located on a continent 10,000 feet high.

Q *How much ice is there?*

A Most of the ice in the world is concentrated on the Antarctic continent. Some 6 million square miles of the earth's surface is snow-covered and 5 million of that is in the Antarctic itself. We don't know how deep it is. Some of the valleys are a mile or two or three miles deep.

Q *You said that Antarctica is bigger than the United*

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A Hunt for Secrets of Weather, Radio, Cosmic Rays . . . Exploring Continent Bigger Than U. S., Europe Combined

States and Europe combined. How big is it from end to end—the long side, and the narrow side?

A Well, it's a funny-shaped continent. It's 3,300 miles in one direction, at its thickest part. The reason Little America is so close to the South Pole is that the Bay of Whales indents the coast line there. Now, across, it's about 2,520 miles.

Q *When did the world become aware of the fact that we had this big continent there? Was that the result of what Roald Amundsen and Capt. R. F. Scott found in 1911-12, or what Adm. Richard E. Byrd found in 1929?*

A Oh, no; it goes back over 100 years.

Q *Did we always know it was that big?*

A No. It was first sighted about 138 years ago, as far as we know, by a young American named Palmer.

Q *When did we first find out we had a continent of 6 million square miles there? Where did we get the information that there was really a continent there?*

A It was not the result of any individual's determination but a compilation of discoveries of various explorers.

Admiral Byrd got the latitude and longitude of the eastern Ross Sea coast and took photographs of it, and then it begins to evolve. Scott had gone in at McMurdo, and the British got in and delineated the Victoria Land coast. Chile, Argentina, the United States and Great Britain have been in the Weddell Sea area.

Each nation more or less contributed certain information and knowledge, and the general contour began to evolve. This was all guesswork, and there were wrong guesses. The coast from Kainan Bay to Alexander I Island is inaccessible by ship—a ship has not been able to get in there up to the present time, even the modern icebreakers. It's a tremendous hard mass of ice that sticks out 250 to 300 miles.

Then in 1946 with a seaplane tender and destroyer and oiler we lifted the heavy seaplanes out into open spots in the ice, like lakes, where it is quiet and you can launch a seaplane. We flew in there, and, incidentally, one plane crashed there and it took us two weeks to find them. Three men were killed. But that was the first time this coast was ever picked up and that was in the spring of 1947.

So all of this is an accumulation of information.

Q *Is it possible that we may find that it is not a solid mass—that there is a great big ocean or lake in the middle of it? Has anyone actually flown over the whole of it?*

A This inland part is the great unknown that no one has ever seen. No human being has ever seen much of the interior part.

Q *So no one really knows whether it is a solid mass?*

A No. But we think it is.

Q *How big is that unknown area in square miles?*

(Continued on next page)

Rear Adm. George J. Dufek has been submariner and aviator, has commanded fighting ships and icebreakers. He was skipper of a destroyer that sank the last Nazi U-boat destroyed in the Battle of the Atlantic, was on the bridge of an aircraft carrier in the Korean war.

A native of Rockford, Ill., Admiral Dufek went with Rear Adm. Richard E. Byrd to the Antarctic in 1939 as a navigator, and logged many flights over the frozen continent.

On the 1946-47 Antarctic expedition, Admiral Dufek was a task-group commander, won a citation for rescuing survivors of a plane that crashed. He is 52, and retired, but restored to active duty by special act of Congress for "Operation Deepfreeze," as the Navy calls its 1955-59 Antarctic expedition.

A I would guess perhaps three fifths of the 6 million square miles.

Q *Is there a Columbus for Antarctica, the way there is for America? Is there any one individual who first dramatized it?*

A No. There is a great deal of argument between nations as to which country discovered the continent.

Q *Don't the Russians claim that they discovered the Antarctic first?*

A Now, Admiral [Fabian von] Bellingshausen was in near Palmer Peninsula in 1812. He was a Russian, perhaps of German descent, I don't know. But he has written some interesting books that have been translated into English, and from his books he must have been a highly educated and cultured man. But Bellingshausen himself admitted that an American, Palmer, had sighted the Antarctic continent before Bellingshausen, and had called on him on Palmer's return northwards on his ship, and Admiral Bellingshausen had congratulated Palmer, an American sailor, on sighting the continent.

Q *So we think we were the first?*

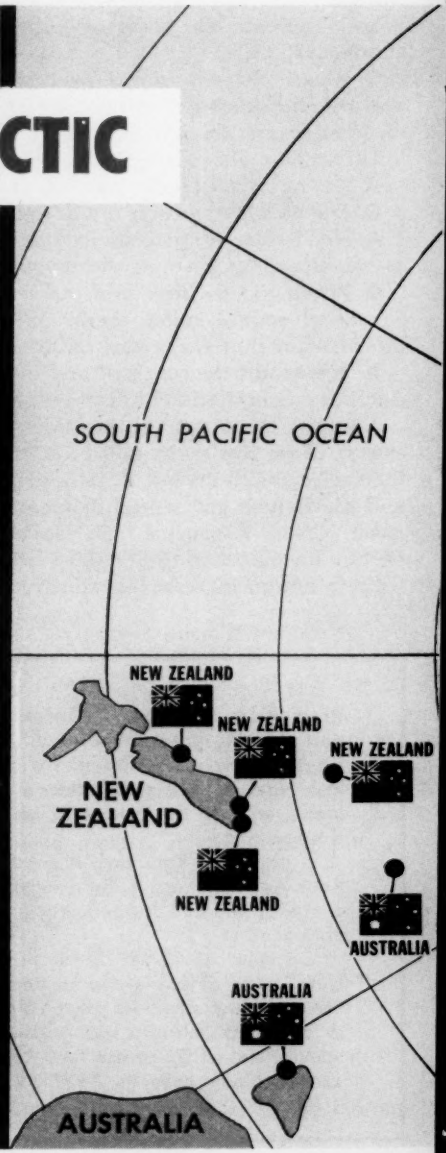
A That's right.

Now, the British have done a great deal of exploration, and they claim that they were the first ones.

We had another American named Admiral Wilkes. The land he discovered (1838-42) we call Wilkes Land. Based on those claims—he made statements that he saw land in certain positions, and other countries claimed he was wrong, it wasn't there—so, to answer your question: No, there is not one man we can say discovered

TARGET: THE ANTARCTIC

The accompanying map shows how the world's great powers are moving into the unexplored Antarctic. Expeditions to be sent to the South Pole region in months ahead will utilize bases as indicated. Each country's team of explorers will gather data for a global scientific survey—and, incidentally, add to that nation's private knowledge and probably its claims in an area that may someday be a source of minerals, a center for weather control, or a new theater of war.



Antarctica like we can say Columbus discovered America.

Q *Does anyone really own that area? Or will it be divided up among all nations?*

A Let me put it this way: We have made an attempt to internationalize the Antarctic continent; that is, put it under some sort of international commission of United Nations. That was turned down by other nations.

Q *Primarily Russia?*

A No, I think the British, too, and the Argentines and the Chileans. I think the Argentines and the Chileans think that they have a stronger claim to this Palmer Peninsula than anybody. You see, it is only 600 miles from the southern tip of South America to the northern tip of the Palmer Peninsula. So they claim that this is just a strait and the Antarctic continent is a continuation of the Andes, and the Argentines feel more or less the same way.

Q *They think Antarctica is part of South America?*

A That's right—that part of it, anyway.

Q *Is there much in that area?*

A It is the most easily developed area because it is the most easily accessible. It is warmer and closer; there is more exposed land.

Q *Is there oil there?*

A Possibly could be—there is a strong oil vein down through Southern Chile.

Q *What motives brought these nations there in the first instance—adventure, science?*

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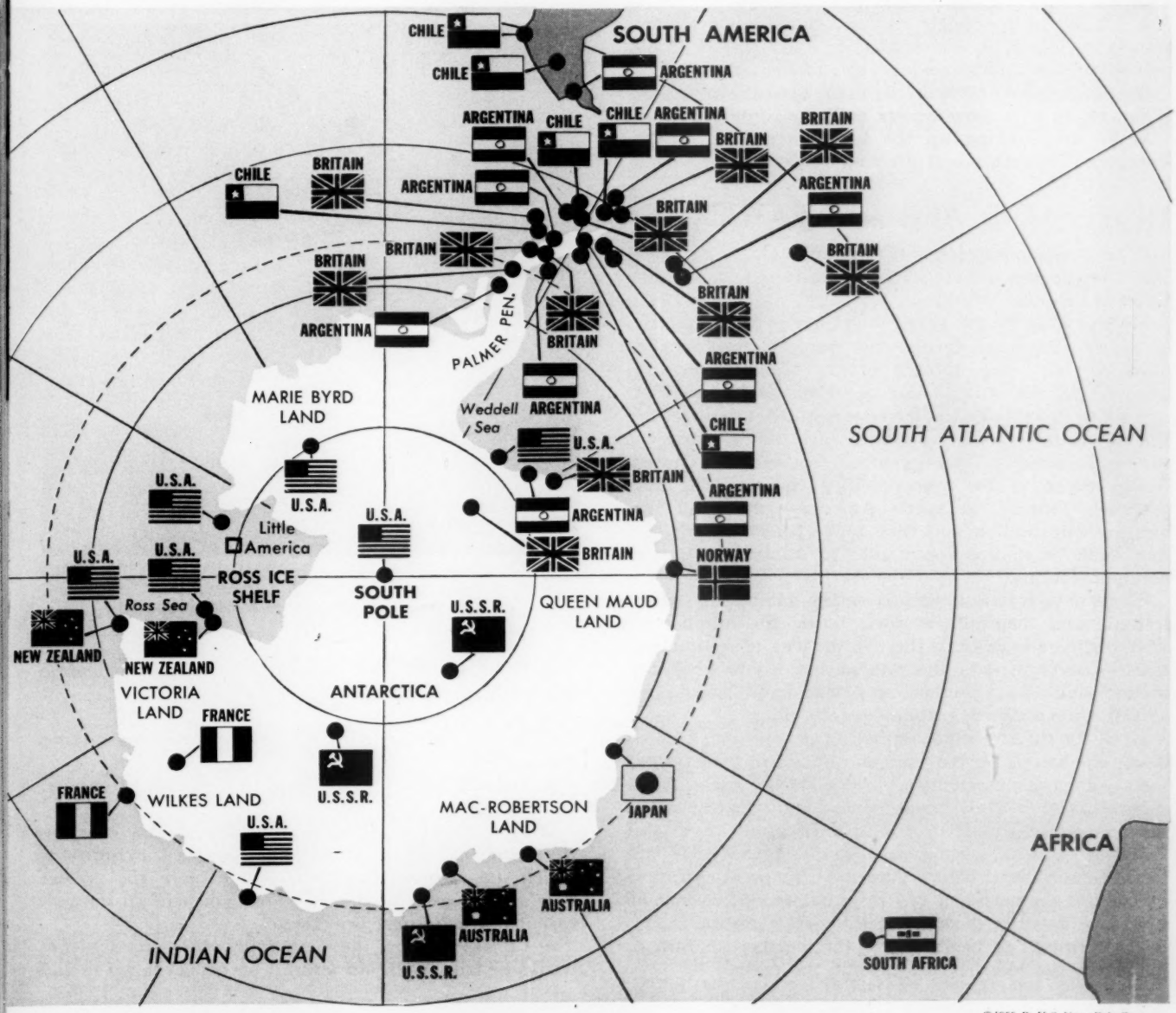

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. . . "The scientific results will affect all our lives"

A First it was the whaling and the seal industry. Here is one rich source in the Antarctic that is not discussed very much. But, for some reason or another, in the water mass surrounding the Antarctic continent marine life is very rich, much richer than in any other ocean mass. That's the crustaceans, crabs and so forth—that's what the whales and seals feed on. That is why this is such a rich area for them. Years ago the seals were hunted for the fur trade.

The vegetation in the water itself is very rich. Some scientists have been working on developing food out of the water. The Japanese are perhaps the foremost in using marine life. They get the grasses out of the water and use them like spinach and things like that.

Q *What other motivation led to exploration?*

A I think on the whale and seal hunts is when they first began to sight the Antarctic. After that I think perhaps it was adventure—the lure of the unknown.

Q *What do you think is the main motivation today? Why are we as a Government taking an interest?*

A We are backing up the scientific studies of the Antarctic. The results will affect all our lives.

NEW FACTS ABOUT WEATHER—

Q *Is there some strategic reason too?*

A I would try to keep those separate: one the scientific and the other strategic.

Here is what we are going to get out of the Antarctic in a scientific way. One of the hardest things about flying is not being able to predict the weather. By tying in all the stations—at the Paris Conference we agreed we would set up a common radio frequency so that we could communicate with each nation's bases—we would make periodic weather reports. The United States accepted the responsibility for handling the "weather central" at Little America—gather all the weather information and then make forecasts. It's the first time we've ever been able to do that, tying in communications.

Each nation is submitting to the others the exact latitude and longitude of their bases, the number of men at the bases, what is there in the way of equipment, tractors, aircraft, radio beacons, so that, if you are flying around and have a crash, you will know where the closest camp is. We've gotten along that far.

Now, for the scientific results: There are nine studies being conducted by the various nations in geophysics: meteorology, geomagnetism, aurora and air glow, ionospheric physics, cosmic rays, glaciology, oceanography, seismology and gravity, and solar activity.

We are sure of getting weather intelligence that has never been equaled before. And if we get weather information for the next four or five years, we can tie that in with past weather throughout the world and see if this is the terminal or beginning of the weather, or how it influences the weather throughout the earth.

Also, by our studies of the ionosphere, the aurora, and simultaneously in the North, we can find out what the influence is on our radio transmissions. I think you are all familiar with the well-known blackouts when you just can't get a message through. That's due to the influence of the sun as it enters the ionosphere of the earth So, if we can't improve our radio transmission, we can at least learn a great deal more about it, and what influences work on it.

Those are two of the most readily understood things to be gained. And, by a study of the ionosphere, scientists themselves say that the information we will get out of the Antarctic will be worth a billion dollars to the rocket program.

—Wide World

TODAY'S EXPEDITIONS USE HELICOPTERS
. . . as well as heavy planes to carry supplies

Q *Why would that be—because of the scientific information?*

A Yes.

Q *Will it help us with the satellites moving around the earth?*

A I would have to leave that to scientists to answer, but I would say yes.

Q *Is it thought, Admiral, that during this year, by the joint operations of various countries' expeditions which are participating, you will explore the greater part of the unexplored area? That you will go through this area which is now unknown?*

A I'd say during the next four years—or so—that would be true. With our aircraft we expect to get in and

photograph certain portions from year to year. The French will go in one part and put an advance base—

Q *With planes?*

A Yes.

Q *Then there will be some flying over that area for the first time?*

A That's right.

Q *How many others will be involved? Who will be going directly in?*

A The French will go in on the Adelie Coast into Wilkes Land, the Russians will go in on the Knox Coast —they plan to put a base in the interior. The Russians did want to put one at the South Pole, but at the international conference the scientists said that would be a duplication of effort to have two scientific stations at the South Pole, and, because the United States announced their intention first, the Russians moved out to another location.

WHERE RUSSIANS WILL BE—

Q *They are going to put a base near the Pole, though?*

A Yes, about 85 degrees south.

Q *How many miles from our base?*

A About 300 miles, or a little farther.

Then the Australians are in Enderby Land, the Norwegians on the Princess Martha Coast—so I think it is safe to say within the next five or six years most of the continent will be covered. In addition to the aircraft flights, there are a number of tractor-train operations. The British plan to go by tractor train across the Pole from the Weddell Sea. Of course, we will be at the Pole by then.

Q *You have said you will exchange meteorological information. Will you exchange other information, such as photographs and your discoveries of the trips, with other countries?*

A I can't answer that. There has been no such agreement. We expect to pool all scientific knowledge gained.

In the past we have given certain photographs. For instance, we photographed along Mac-Robertson Coast in 1947, and the Australians asked us for them, and we gave them to them. From those photographs their experts picked out an exact location as most suitable for their base and that was it.

Q *Could the Antarctic be a sort of training place to learn more about the Arctic?*

A Yes. Anything that we learn in the Antarctic, as to handling ships in the ice, for instance, building bases, tractor operations, aircraft operations, living conditions, food and clothing, etc., of course is all valuable information that could be applied to the Arctic.

Q *In the land mass, is there likelihood of anything in the way of military bases? Is there anything of importance other than the information you get?*

A That is a question that can't be answered yes or no. I would answer it this way: In past wars, the Antarctic has never had any strategic military importance, but it would be foolhardy for us to say that it will not have any

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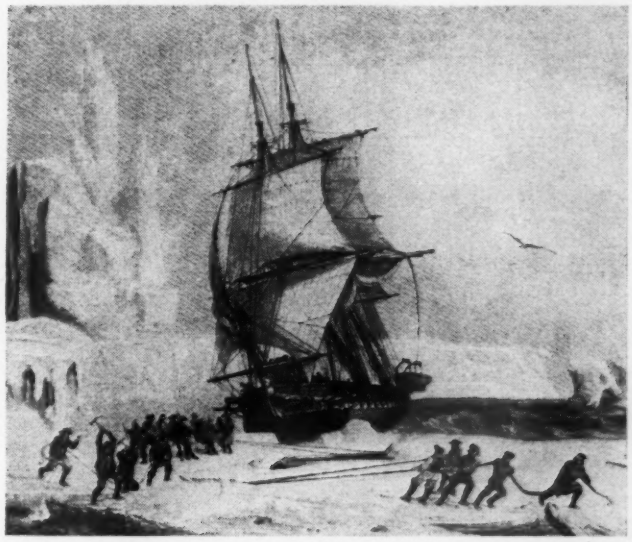
A CENTURY OF ANTARCTIC EXPLORATION



1838: A FRENCH EXPEDITION LED BY DUMONT D'URVILLE

1912: SCOTT'S PARTY FOUND AMUNDSEN'S TENT

—Bettmann Archive, European, International

1929: ADM. RICHARD E. BYRD'S CAMP AT LITTLE AMERICA
"You can only get in there in January and February"

. . . "If all the ice melted, the oceans would rise 105 feet"

strategic military importance in the future. We don't know where or how wars will be fought in the future.

Q *Is it a shorter route to any place?*

A Well, there is the strait between South America and the tip of the Palmer Peninsula, a distance of 600 miles. If the Panama Canal were destroyed, and you wanted to get your supplies from the Atlantic to the Pacific, you would have to go between the Antarctic and South America.

Q *Would the Antarctic be a good proving ground for rockets and such things? Is there any reason why it should be better than anyplace else?*

A It's larger and unpopulated. I don't think it would be a good idea to conduct nuclear tests or atomic-bomb tests or anything else like that in the Antarctic unless all nations participated.

Q *That includes rocket tests, not necessarily explosions?*

A Not necessarily rockets—but nuclear tests. It would have to be by mutual agreement, and I can say right now that definitely we have no intention of conducting any bomb tests in the Antarctic.

Q *There are a lot of theories of how the Atlantic and Pacific came into being and all the continents. I was wondering whether the Antarctic was part of the Ice Age that never did get dissolved—*

A It is the largest mass of ice in the world. There is no history that I know of of how it came into being. It has been there since prehistoric times.

There is one thing about all that ice. If all that ice on the Antarctic continent melted, it is estimated that the oceans would rise 105 feet—so there is a tremendous possibility in that. It was once water, so it took a great deal of energy to put that amount of ice and water up to 10,000 feet on a plateau. So there you have a source of energy if we once found out how to harness it—

COLD ZONES LOSING CHILL—

Q *Is there any indication of its getting any warmer?*

A Yes. That's another thing we can find out in the Antarctic. We found out something about it in the Arctic. And that is that over the past hundred years the polar region and the Arctic is becoming warmer. That is borne out by a study of glaciers, annual marking of movement. There are some theories that the fish are moving further north for feeding and that the water is getting warmer. There is some indication of that in the Antarctic also. There hasn't been as much opportunity to study it in the Antarctic, of course.

Whether this is a permanent trend, over a thousand years, or whether this is a temporary trend is not known.

Q *The world now is getting warmer, though—it isn't just our imagination?*

A No. Things are warming up.

Q *Is any permanent base, year-round, going to be established there?*

A The British, Argentines and the Chileans have permanent bases in the Palmer Peninsula. The United Kingdom has small permanent stations there, plus in the Falkland Islands. We have never had a permanent base at the Antarctic. Those are the only permanent bases that I know of, and all our plans call for is to support this International Geophysical Year until 1 January, 1959—that is when the International Geophysical Year is terminated and when we bring the scientists home. We have no definite plans beyond that.

Q *In the Antarctic winter, what do you do?*

A I have never wintered over. I think it depends upon the type of person. If an individual lends himself to study and can keep himself busy, it would be O.K.

Q *You can hear radio down there, can't you?*

A Yes.

Q *Going back to your statement that, if the ice melted there, it would raise the oceans 105 feet—isn't there a great danger that if that place melts it will produce a lot of floods all over?*

A Supposedly, if that did happen it would be over a very long period of time—nothing drastic.

MINING BY ATOM POWER?—

Q *Is there any possibility that the minerals that may be there could ever be exploited?*

A Yes. Definitely yes—if it is of sufficient value. Those mountain tops are very high. In the Little America area one of the problems, if we went into production, would be the cost of hauling down the fuel and hauling the stuff back again—it's 11,000 miles from Boston to Little America. But if we go into nuclear energy, and you could take a package down to provide our heat and sources of power and generation of mechanical things, then I think we could do it very economically.

Q *But you don't know what kind of things are there?*

A No.

Q *Aren't we pretty close to that nuclear unit—doesn't the Army have units of that kind?*

A Yes.

Q *So in the future it might be possible to set up such a unit in Antarctica?*

A Yes.

Q *What kind of life is there down there?*

A There is no human habitation—no animals, no trees, no vegetation. The only life you have are the whales, birds, seals, killer whales.

Q *Big birds?*

A They are small birds, the ones that fly—the penguins are a good size.

Q *They all live on fish?*

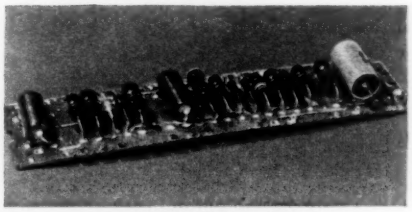
A Everything lives off the water. They could not exist on the land.

Q *Why wouldn't it be a good idea to drop a hydrogen bomb in the place and see what the interior was like—*

(Continued on page 89)

PROGRESS THROUGH ANACONDA METALS

Printed Copper Nerves for the "Brain" of our outposts



A "BUILDING BLOCK" SHOWING ELECTRONIC ELEMENTS INSTALLED IN THE PRINTED CIRCUIT.

THE PROBLEM: In building up its screen of radar outposts, the Air Force asked the International Business Machines Corporation if it could build giant electronic computers to be the "brains" for this system. These computers would help integrate the defense of North America by taking data from the radar outposts to calculate the course, speed, altitude of approaching enemy planes. The problem was time. Each computer is composed of thousands of "building blocks"—individual electronic circuits of very high accuracy. Assembling, wiring, soldering millions of connections by hand might take years.

THE SOLUTION: Automation was the answer. Laborious hand wiring was eliminated by *printing* the circuit on a paper-thin sheet of Anaconda "Electro-Sheet" Copper bonded to a plastic panel not much larger than a postcard. The unwanted copper is etched away—leaving a web of wiring that is accurate, foolproof. Special automatic machines install the electronic elements in the panel mounting holes. The panel is dipped in solder, completing all connections simultaneously. Now "building block" components, tested and ready to install in the "brains," are produced at a rate of 10,000 per 8-hour day. This means there will be plenty of electronic "brains" for defense and for business too.

THE FUTURE: Printed circuits are paying off in terms of giving us better products at lower cost. You find them in radios, television sets, other appliances—in new commercial computers. From copper and aluminum wire and cable . . . to a full range of mill products in copper and its alloys for industry . . . Anaconda and its manufacturing subsidiaries—The American Brass Company and Anaconda Wire & Cable Company—constantly seek new and better ways of doing things with the most extensive line of nonferrous metals and products in the world. The *Man from Anaconda* will be glad to help you with your specific problems. The Anaconda Company, 25 Broadway, N. Y. 4, N. Y. 55226

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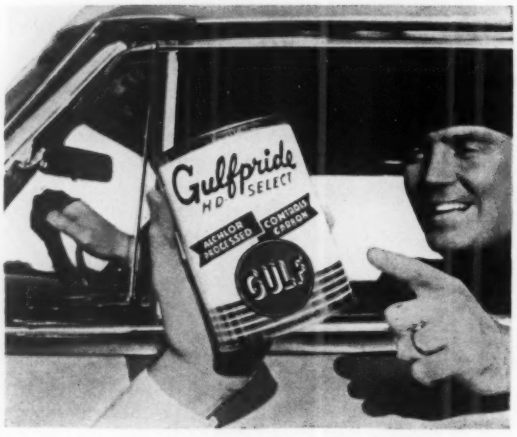

As your car gets older, the original horsepower you paid for shrinks and shrinks, because harmful deposits are building up in the combustion chambers and on valves, pistons, and rings.

Now Gulf brings you an oil that's specially made to prevent "shrinking horsepower."

Right from the start, New Gulfpride H.D. Select will guard your motor against the build-up of power-robbing deposits. It will especially control carbon that leads to knock and pre-ignition. As a result, your car can retain new-engine horsepower and performance for thousands of extra miles.

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NEW **Gulfpride H.D. Select**

THE WORLD'S FINEST MOTOR OIL

GULF

. . . "Russia will co-operate by furnishing scientific information"

open a crater and find out if there was anything in there? Then you could look in and find out if there was oil, or lead or zinc or coal—why wouldn't you be able to do that?

A I suppose you could, but I think it would be more practical to go at it slowly. Anyway, how much of a dent would a few bombs make in such a vast continent?

Q *Admiral, you said the British, Chileans and the Argentines are down there now with permanent establishments, but as far as you knew there was nobody else. Might it be possible that somebody else is down there in a permanent settlement but hasn't announced it?*

A Yes, it's perfectly possible. There are other ventures which are manned off and on. For instance, Australia has a base that has been there a couple of years.

Q *What causes those people to go in there?*

A Well, it's near Australia. And with the Antarctic I don't think you can look at the past; you have to look at the future. For instance, the French have this island of Kerguelen. It's a flat piece of land capable of having a runway constructed on it for the use of any type aircraft, and I think their idea is to have a commercial airfield there to link up air travel from Africa and Australia. It's about the same latitude as Tasmania.

WHO IS INTERESTED—

Q *What are the principal nations that are interested in the Antarctic?*

A The ones in the past who have worked there consistently are Chile, Argentina, the United Kingdom, Australia, the United States, France, Germany, Sweden and Norway.

Q *What nations are going to participate in the expeditions in the coming year, or is it different years?*

A Argentina, Australia, Belgium, Chile, England, France, New Zealand, Norway, South Africa and the United States have said they are going to send expeditions down for the International Geophysical Year, which starts 1 July, 1957, and runs to December, 1958.

Q *What is the International Geophysical Year?*

A That is a specific time for world-wide scientific observations by 40 nations working in co-operation. This is the third time they have had an International Geophysical Year. The first one was in 1882 and another one, 50 years later, was in 1932. The first one was more or less several nations' expeditions simultaneously in the Arctic.

Q *Why do they call it a "year"?*

A That is a year of simultaneous readings by many scientists, world-wide. Now this one isn't due until 1982—that is, 50 years after 1932—but they want to make it in 1957-58 because the science of the world has advanced so rapidly in this generation that they want to get into it sooner. Another reason is that the sun-spot activity will be quite active during that period and it has a bearing on radio transmission.

Q *When you listed the countries before you didn't mention Japan and Russia.*

A No, I was just going to add them. On the tenth of July Russia announced at an IGY meeting she was going to the Antarctic and establish bases. At this recent Brussels Conference the Japanese announced that they wanted to contribute to the International Geophysical Year and establish bases.

Q *Will Russia co-operate with the others or be on her own?*

A They will co-operate with the others so far as furnishing scientific information is concerned.

Q *Will there be a pool of scientists in this expedition of yours?*

A Oh, yes. We have some of the best scientists in the country.

Q *You mean of other countries?*

A No, not with us—each nation builds its own bases for its own scientists to use.

Q *Will you be near enough to fraternize with one another?*

—Wide World

AMERICAN SCIENTIST IN THE ANTARCTIC
The winter temperature: minus 80

A We will be near the New Zealanders because we propose to have facilities in McMurdo Sound—the New Zealanders are putting a base in McMurdo Sound, too. Dr. [Vivian E.] Fuchs of Great Britain is going to bring an overland tractor operation across the South Pole, and Sir Edmund Hillary will have the base in New Zealand to receive this party when it comes across.

Q *How long is it going to take them to make that trip across?*

A It's difficult to say.

(Continued on next page)

. . . "Antarctic is about 20 degrees colder than the Arctic"

Q *A year?*

A Oh, no—probably two months.

Q *All this area—6 million square miles—what are the extremes of temperature down there where you are going? Do they have any summer?*

A Yes, it's warmer around November—of course, the Antarctic winter is our summer, and the Antarctic summer is our winter. You can get through the ice only in about two favorable months—through to Little America by the Ross Sea—that's January and February. In these summer months the temperature varies from 10 degrees above zero to 10 or 20 below zero. Temperatures have been recorded down to minus 80 in the winter.

Of course, the temperatures will vary in different parts of the continent—over water, or over water and ice, or over land. For instance, at Pole Base at the South Pole—Byrd flew over the South Pole twice, but, when we build a base at the South Pole, we don't know what the temperatures are going to be on the surface.

Q *At what point is the South Pole in this mass?*

A At the geographical center.

Q *Is the South Pole colder than the North Pole?*

A Generally the weather in the Antarctic is about 20 degrees colder than the Arctic.

Q *You spoke earlier of its having once been tropical down there. Does that also mean that there might be petroleum resources down there—oil, natural gas or something of the sort?*

A Yes.

Q *How many miles is it from Little America to the South Pole?*

A About 700, due south.

NO WAY BUT NORTH—

Q *What time belt is the Antarctic in?*

A It could be in any. If you are at the South Pole you turn around and any place you point is north, and the time would be Greenwich time in one direction, plus or minus in others.

Q *The American base, Admiral, is nearer to the geographical South Pole than any of the others, isn't it?*

A This base will be exactly on the Pole; the other bases are closer to the geomagnetic pole. The original requirement to support the International Geophysical Year was to put three scientific stations in the Antarctic: one at the South Pole, one at Little America, and one in Marie Byrd Land, which is 120 degrees west, 80 degrees south.

All the equipment for all these bases has to be taken down this year. You can only get in there in January and February. These scientific stations have to be ready by 1 January, 1957—that's when we take in the scientists. So all the equipment has to be unloaded, and the ships will leave in February. From Little America to Byrd base will be a tractor job—but to bring the big planes in we are not so sure the Little America area will be able to have a runway for large planes. It's very promising, but it takes several months to get the right kind of runway. We don't have that time.

In McMurdo Sound there is land on which we can build buildings—hard ice that forms part of the barrier above the bay ice. We can land our heavy planes on wheels on that ice without much trouble.

So we plan to fly our planes in to McMurdo through New Zealand, which is the first time any planes have flown in from a land base. That's 2,250 miles from New Zealand to McMurdo Sound.

We'll use that base solely as an air facility to support the South Pole base.

60 MEN IN FOR WINTER—

We sail this November, and in January the ships will be at Little America, and all the equipment will be unloaded for that base plus the Byrd base. At McMurdo Sound, all the equipment for that air facility and the South Pole base must be unloaded. Then we leave 60 men at those two bases to winter over, in the latter part of February. They do as much work as possible after the ships leave in March and possibly part of April, and then the Antarctic winter starts, and it's night all the time.

The temperature is down to minus 80, so it's very difficult to work, so the men hole in and do the repairs and so forth.

Q *This is March and April of 1956?*

A Yes. Then the Antarctic winter would be part of April, May, June, July, August. And then September, the latter part, begins the Antarctic spring, and summer —October, November and December.

So the major part of this work of constructing Byrd base and the Pole base will take place October, November and December of 1956—next year.

Q *How many men will be in your expedition when you start out?*

A About 1,800.

Q *Are they volunteers?*

A Some volunteered; in other categories it is not necessarily voluntary. For instance, my staff for planning and conducting the operations are volunteers—some of them have had previous polar experience. The construction battalion was formed at Davisville [R. I.] and is the center for all the shipment—they will go in and build the bases—and they are all volunteers. The aircraft squadron are more or less all volunteers. In assigning ships to the job they were just assigned as they would be to any job.

Q *So there is no compulsion involved in this?*

A No one tried to get out of it. Actually, we had thousands of volunteers to fill just relatively few billets.

Q *You are operating commander of this task force, are you not, Admiral?*

A Yes.

(Continued on page 92)

FROM THE HERITAGE OF
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THE BOLD NEW IDEA

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. . . "We'll freeze small ships into ice for fuel storage"

Q *What will your command relationship be to Admiral Byrd?*

A Admiral Byrd holds the title of Officer in Charge in connection with the expedition as announced by the White House on the 28th of March. With Admiral Byrd's full concurrence I have been ordered as the commander of the task forces involved and will exercise operational command of these forces. I will thus have the benefit of Admiral Byrd's unparalleled knowledge and experience in polar operations.

Q *What is the composition of your task force in terms of both men and ships?*

A There are 7 ships—3 icebreakers, 3 cargo ships and an oiler, and then we are going to tow down 2 YOG's, which are small tankers having a capacity of about 200,000 gallons of gasoline. So, instead of building storage tanks for aviation fuel in the Antarctic—it is expensive, difficult and back-breaking work—we are taking these small ships to freeze into the ice for our fuel storage.

Q *You've been on some of Admiral Byrd's expeditions yourself, haven't you?*

A Two of them.

Q *What was your rank at that time?*

A In 1939 I was a lieutenant when he took the *Bear* down—I was navigator. In 1946 and 1947 after the war I went down on Operation Highjump, and Admiral Byrd was in charge and Admiral [Richard H.] Crusen was the task-force commander, and I had a task group of three ships.

Q *Have you been at Little America yourself then?*

A Yes.

Q *How much money did Congress appropriate for this expedition?*

A Congress didn't appropriate anything as far as the task force is concerned. The Department of Defense picked up the tab. Congress appropriated about 12 million dollars for the National Science Foundation to use supporting the U. S. scientific program of the IGY through 1959.

Q *What will this whole thing cost the United States?*

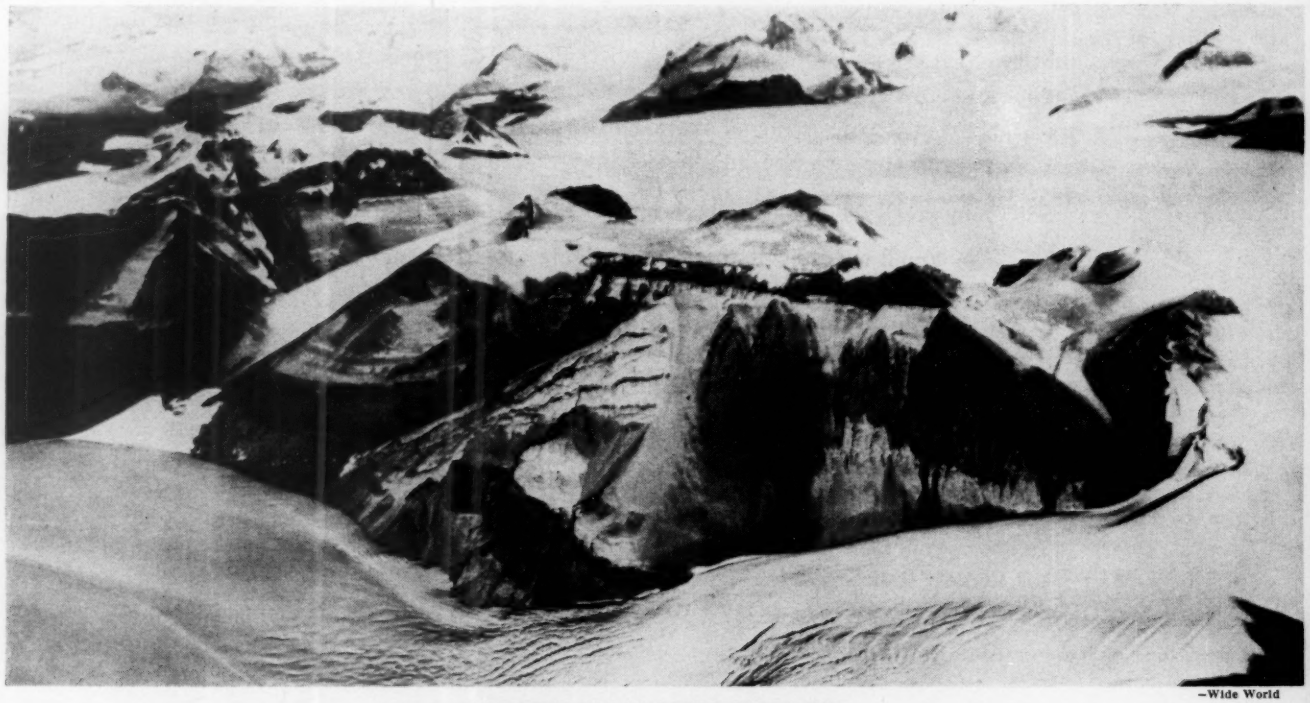
A Over and above the normal cost of keeping so many ships—these ships would have to be operated in training anyway—if you took that cost and broke it down, the ships and food and men, the cost would be large, but the extra money over and above what would be involved anyway is, of course, much less.

Q *Is it many millions of dollars?*

A Several millions.

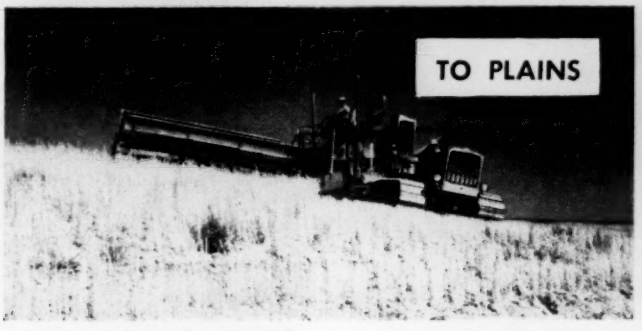
Q *But the information to be gained is worth billions?*

A That's correct. And there's so much information, when we get into this, we stand to gain. You just can't put a price tag on it.



—Wide World

AIR VIEW OF ANTARCTIC GLACIER
"It's reasonable to believe that there are valuable minerals there"



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IN YOUR PERSONAL PLANNING

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A snowballing move to ease the legal complications connected with giving securities to children has important angles.

SECURITIES FOR CHILDREN. Laws making it as easy for a child to have stocks in his name as it is for him to have Government bonds or a savings account have just gone into effect in two more States. Those laws permit giving the child stock and registering it in the name of a parent or close relative as "custodian." Then the adult can manage the stock for the child--buying, selling, investing dividends. That freedom isn't possible in many States unless you go through the process of being appointed guardian or of setting up a trust.

STATES AND STATUTES. Eight States now have adopted almost identical laws loosening up the restrictions on managing securities given to minors. They are California, Colorado, Connecticut, Georgia, New Jersey, North Carolina, Ohio and Wisconsin. Similar statutes are to be proposed in about a dozen other States whose legislatures convene early next year.

GIFTS AND INCOME. Note that these laws refer to stocks given to a child and registered in the name of an adult as custodian for the child. There's a question whether the provisions would apply if you set up a cash account as custodian and buy stocks for the child from it. Until the point is settled, best buy in your name and then transfer the stock as a gift. That may involve a federal gift tax.

Stocks held in a custodial arrangement are turned over to the child when he becomes 21. If he dies before then, the stocks become part of his estate.

ALIMONY. The U.S. Court of Appeals for the Second Circuit hands down what may be a far-reaching decision on alimony payments. Under old rules, only periodic payments made part of a court decree were deductible for income tax purposes. But present law provides that payments under a written agreement made after Aug. 16, 1954--even though not incorporated in a court order--may be deductible by the husband and taxable as income to the wife. Now the Court of Appeals applies this principle to a support agreement made in 1947.

LAWNS AND SHRUBS. Look for the Federal Housing Administration to tighten up its requirements a bit on home plantings. Where landscaping is made a part of an FHA-insured house purchase, the agency is going to insist on satisfactory materials and workmanship. Up to now, FHA has had generalized rules. But, in

(over)

some places, inferior sod and poor-quality shrubs have prompted complaints. Now FHA and an industry committee are working out new minimum requirements.

GENTLEMAN FARMING. The U.S. Tax Court case sets up some guideposts to help determine whether that place you own out in the country is classed as a farm business or as a hobby. The distinction is important--losses from a business can be used to offset other income you have, losses from a hobby can't. The Tax Court, in the case in point, decided on a business classification. Among facts shaping its view: The owner played an active role in the farm management. He had an experienced tenant farmer on the place. Books were kept on the operation. No personal deductions were involved in figuring the farm's losses.

FAT. Obesity is one of our most serious health hazards, and housewives are to blame. So argues Dr. W. H. Sebrell, Jr., medical consultant and former U.S. Public Health Service official. All obesity comes from overeating, he says flatly--and it's the wife who buys the food and fixes the quantities served.

INCOME TAX REFUNDS. A reader's query about income tax refunds prompts these observations from the federal tax collector:

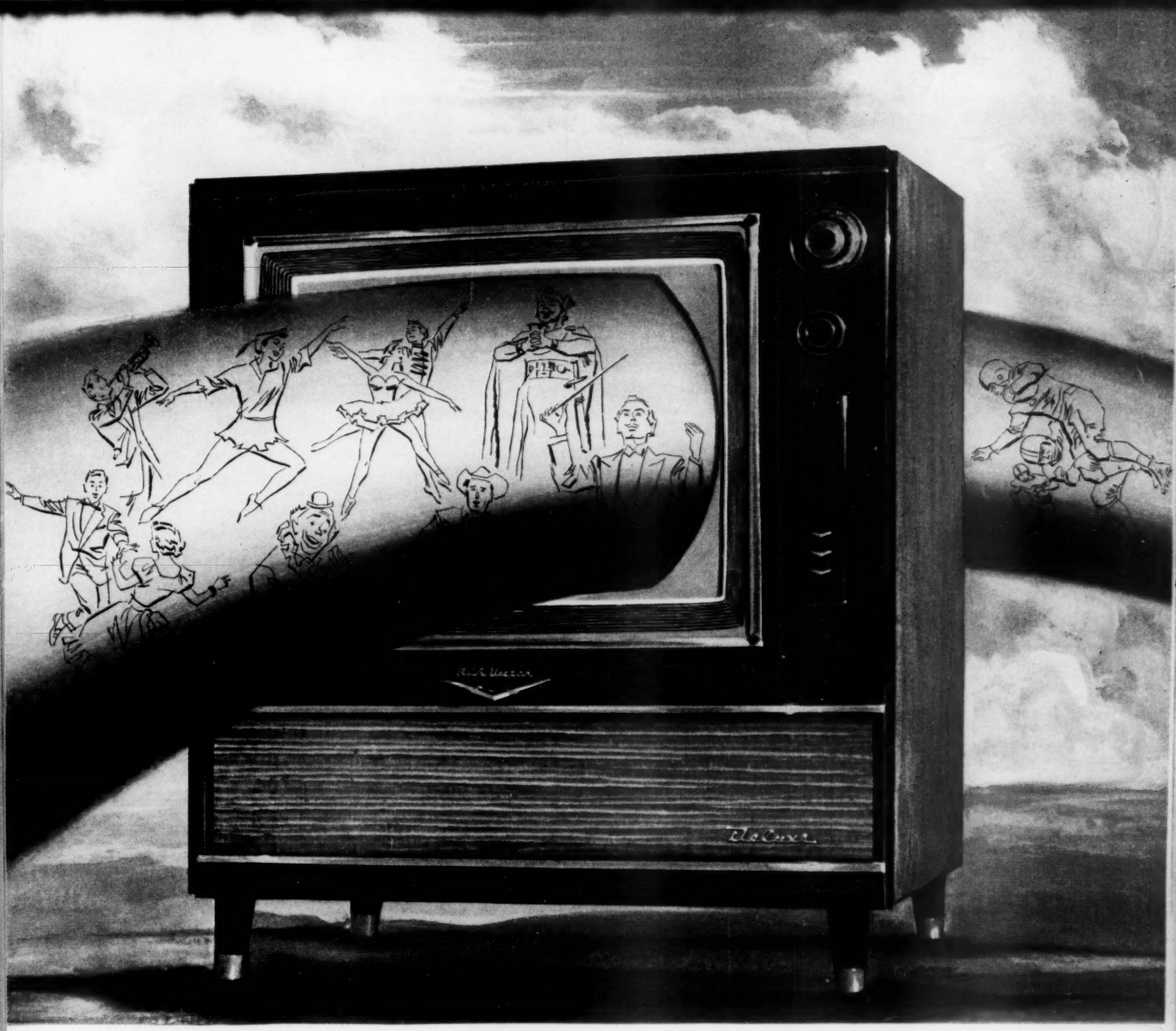
Most refund claims are paid by the Government within a couple of months after the filing deadline. A taxpayer who hasn't yet received his refund can suspect his request has been overlooked--or that his return is getting extra scrutiny. He can write the district director to check.

Returns on which a refund is requested don't necessarily get an added going-over. If a refund request seems at all out of the ordinary, though, chances are the tax collector will take a second look.

HUNTING ACCIDENTS. The time to be most wary of hunting accidents is on the first day of the shooting season, with visibility good and gun wielders younger than 20 nearby. That's seen in the National Rifle Association's 1955 report of shooting accidents--fatal and nonfatal. One out of four casualties--twice as many as on any other day--occurred on opening day, the NRA finds. Shooters aged 11-19 figured in 42 per cent of the accidents. Most happened at a range of less than 10 yards. And shotguns were involved two of three times.

MILITARY SERVICE. That boy of yours in high school is to have a new source of guidance on problems that confront him in connection with military service. It's a book, "Your Life Plans and the Armed Forces," prepared through co-operation of the Department of Defense and a number of regional and national educational associations. The book tells of military options and obligations, lists educational opportunities available in the services, gives answers to such questions as "Should I go on to college or get military service over with first?" Copies have been mailed to the principal of every high school in the U.S.

COSTUMES. Costumes of flimsy cloth bought for party occasions can be fire hazards. So warns the home-accident prevention unit of the Maryland State Department of Health. It suggests, as a safety measure, the flameproofing of all costumes made from loosely woven materials. Dip the costume in a solution made by dissolving 9 ounces of borax and 4 ounces of boric acid in a gallon of water. Wring by hand; hang to dry.



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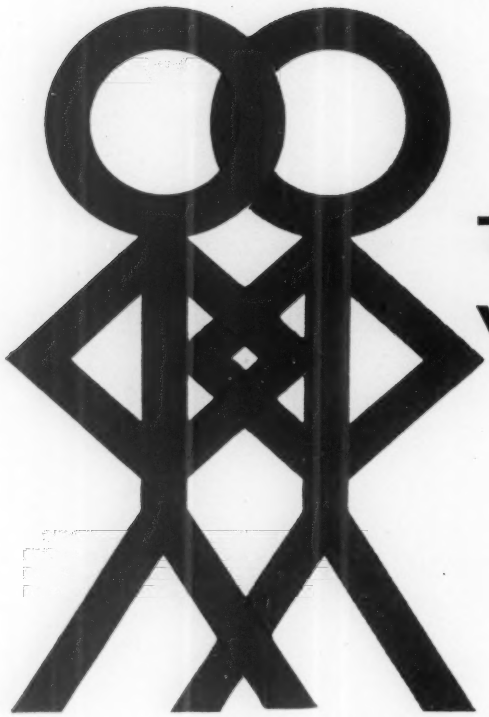

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Special Report

(This article represents the result of an extensive research on a problem of outstanding importance.)

RUSSIA: GOOD MARKET OR IS TRADE A MYTH?

Pressure is on to relax rules for trade with Russia.

Congress sees promise in Russian trade. The Soviet Union could use U. S. farm surpluses and machines, and has raw materials to sell.

But officials say such trade can be disappointing to U. S., serve Communist aims.

The prospect of business on a big scale between the United States and the Soviet Union is being suggested by Russian leaders and also by some influential Americans.

Members of Congress, officials, farm leaders and businessmen are talking hopefully about the possibility, now that some chill is going out of the "cold war."

The idea is that, if the two powers become more friendly, a profitable trade will develop along these lines:

- Russia will sell to the U. S. certain raw materials, such as manganese, which are needed by industry in this country.
- The U. S. in turn will sell Russia large amounts of surplus crops, such as wheat, corn and butter. These will help the Russians cope with their farm problem, which is the very reverse of ours—too little production, instead of too much.
- Russians also will buy U. S. tools and machinery, businessmen feel.

Chances of such trade are being studied carefully in Washington. Interest has been shown by the Department of Agriculture, which is anxious to get new outlets for surpluses in which the Government now has an investment of about 7 billion dollars. In Moscow, Russian leaders and visiting U. S. Senators have talked informally about the possibility of trading U. S. crops for Russian ores.

Volume—how big? Officials who have examined the idea thoroughly feel it could mean at most some millions in trade, but nothing like a billion dollars. As for Russia's taking any major portion of the 7-billion-dollar farm surplus, that is out of the question.

The things the Russians have to sell are important, but these things do not spell any great volume of business.

Take manganese, for instance. This is the ore that is most often referred to in talk about business with Russia. It is a vital material for the steel industry.

All the manganese the U. S. is using this year, when the steel industry is setting a new record for production, can be bought for about 98 million dollars.

If the Russians supplied the entire amount, the goods they could buy with the proceeds would be a drop in the bucket when compared with all U. S. exports, which total 15.2 billions a year.

(Continued on page 100)

RUSSIA'S MANGANESE: NO CURE-ALL FOR TRADE PROBLEMS

It's often suggested in Congress that U. S. might trade farm surpluses for Russian manganese, used chiefly in steel mills.

Facts show this:

IF RUSSIA SUPPLIED ALL OF THE MANGANESE U. S. USES, SHE WOULD RECEIVE THIS YEAR ABOUT

$98 million

WITH THAT MONEY, RUSSIA COULD BUY ONLY THIS MUCH OF THE U. S. FARM SURPLUS

1.4 per cent

Source: Bureau of Mines

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U. S. officials warn: Turning to Russia as source for strategic items would irritate friendly nations . . .

The 98 million dollars would buy a tiny piece of the federal farm surplus. At current market prices, it would pay for 86 million bushels of corn out of a surplus of 578 million bushels; or 47 million bushels of wheat out of a surplus of 964 million bushels; or 168 million pounds of butter out of a surplus of 285 million pounds.

That is without allowing for any cost of transportation from the U. S. to the Soviet Union.

Russia also has other important materials to sell that the U. S. now is importing from other countries: chrome, nickel, asbestos, arsenic, platinum and other platinum-group metals. If the Soviet Union took over the U. S. market for these, as well as manganese, she would receive about 390 million dollars.

That is enough to buy about 5.6 per cent of the U. S. farm surplus. It is less than 3 per cent of U. S. exports to all countries.

Those are upper-limit figures, actually far too high. U. S. officials point out that this country couldn't turn to Russia as the sole source of supply for these things, for three reasons: The Russians do not produce enough, in most cases, to take care of U. S. requirements plus their own needs. The U. S. could not cut off, and thus offend, such other suppliers as Canada, Cuba, Mexico, Brazil, the Belgian Congo and India. And relying on Russia would be regarded as risky.

Actually, as the table on this page shows, the U. S. bought from Russia only a little more than 12 million dollars' worth of alloys of all types, including chrome and manganese, when imports from the Soviet Union were at a peak, in 1946. Double that figure, and the amount still is small in terms of U. S. trade.

Products Russia wants. The table also points up another obstacle to big trade with the Communist leaders: They have always been most interested in getting industrial materials and machinery, not the farm products this country is most anxious to sell.

Back in the 1930s, Russia was buying U. S. machinery for her new steel mills, power equipment to go with her big

WHEN TRADE WITH RUSSIA WAS AT ITS BEST—

IN 1946* U.S. BOUGHT FROM RUSSIA:		IN 1930† U.S. SOLD TO RUSSIA:	
Furs	$68,926,000	Tractors, parts	$32,968,000
Alloys	12,402,000	Farm machines	11,507,000
Gold, jewelry	4,148,000	Electric machinery	6,301,000
Cotton and products	2,054,000	Other machinery	43,210,000
Tobacco	1,312,000	Cotton	10,159,000
Wool and products	1,123,000	Autos, parts	9,934,000
Gems, stones	1,020,000	Iron products	8,155,000
Meat products	827,000	Iron, steel	1,175,000
Fish, caviar	637,000	Copper	3,315,000
Hides, skins	155,000	Chemicals	1,572,000
Other animal products	1,117,000	Rubber	990,000
Hair and products	759,000	Scientific instruments	900,000
Oils, waxes	677,000	Wool	509,000
Flax, hemp	355,000	Rosin	372,000
Silk	290,000	Hemp, linen	340,000
Minerals	143,000	Paints, dyes	338,000
Printed matter	135,000	Lead	286,000
Other	428,000	Wire	228,000
		Aluminum	194,000
		Other	3,709,000
TOTAL	$96,508,000	TOTAL	$136,162,000

*Year of biggest imports

†Year of biggest exports

Source: Commerce Dept.

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. . . American-Soviet trade now almost at zero

dams, construction machinery for all types of public works, and many tractors. U. S. engineers were helping then to build Soviet factories and to train Communist workers to use equipment made in America.

Even so, Russia in 1930 took less than 5 per cent of all U. S. exports and ranked seventh among customers of the U. S. By 1939, she was taking only 2 per cent of U. S. exports and ranked fifteenth among U. S. customers.

During the cold war, that trade has dwindled to almost nothing. In the past year, Russia has taken about $350,000 worth of goods from the U. S. The U. S. has bought about 12.2 millions' worth from Russia.

Such things as furs, books, caviar and oils for perfumes now make up the bulk of trade with the Soviet Union, with the United States doing most of the buying.

Now the Russians want to revive trade on something like the prewar basis. This desire runs directly into the controls imposed during the cold war.

The U. S. banned shipments of goods that might build up the military might of the Soviet bloc. In effect, it said: "No more steel mills, no more power plants, no more tractors. Nothing that contributes to important industries."

The Communists, in retaliation, cut off shipments of raw materials such as manganese and chrome.

Today, Soviet officials are saying they will not sell these materials to the U. S. until the U. S. embargo ends.

"The trouble with you people so far is that you want [the Russians] to trade manganese for toys," the Communist Party boss of Russia, Nikita S. Khrushchev, told some U. S. Senators recently. Mr. Khrushchev had in mind that the American Government has been stockpiling manganese and other ores which are considered strategic for defense.

Apparently, the Soviet leader is not willing to trade these strategic materials for such nonstrategic things as corn and wheat.

Bars down—how far? Small concessions apparently do not excite the Soviet appetite for trade.

The U. S. has eased its rules somewhat. Officials say the Russians can, if they wish, get permission to buy U. S. farm equipment and also machinery for civilian industries, such as textiles and food processing. Any such orders will be studied carefully by U. S. experts, however, and will be cleared only on a case-by-case basis.

(Continued on page 102)

Are taxes your problem?

"Taxwise we are in a much better position," says Brown, Comptroller.

"To tell you that our operations have proven to be quite successful since we moved our factory to New Jersey two years ago would be putting it mildly.

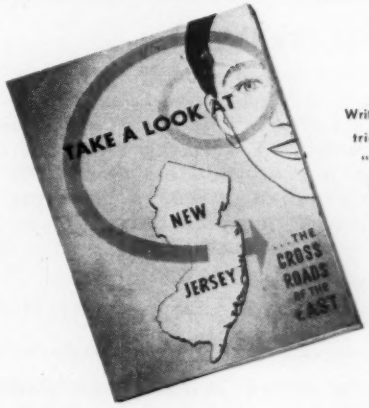
"Taxwise, we are in a much better position. With increased costs in so many of our plant operations, it was necessary that we reduce our tax load, lower break-even points and maintain profit margins.

"In New Jersey, taxes buy essential services. There is, as you know, no individual State income tax, no State corporation income tax, no State unincorporated business tax and no State sales tax. These facts are very important to our business.

"It is equally important to us that from our New Jersey factory we have easy accessibility to key highways for motor truck deliveries, permitting us to effect considerable savings in shipping costs."

(Paraphrased from letters in our files.)

PUBLIC SERVICE
...AT THE CROSSROADS OF THE EAST

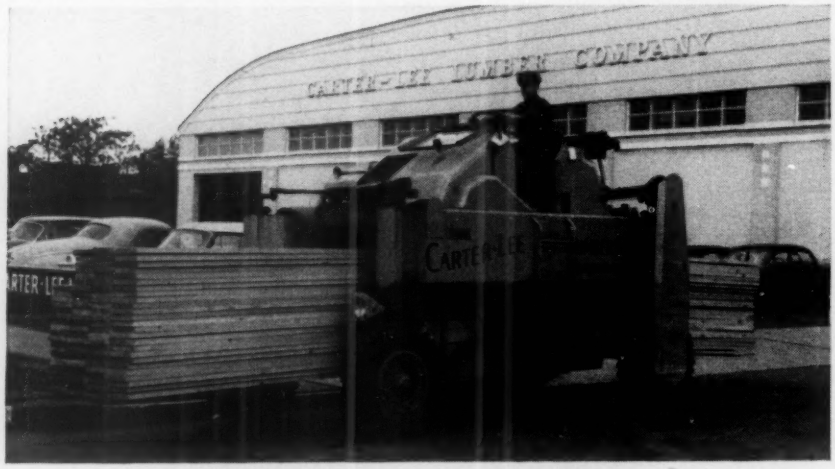


Write for the book about the industrial advantages of New Jersey, "Take A Look at New Jersey." Write Box C, Public Service Electric and Gas Company, 82 Park Place, Newark, New Jersey.

Clark Equipment MOVES MOUNTAINS

. . . of 6-ton rocks

On this stretch of the New York Thru-Way, the contractor has to blast his way through an old stone quarry and remove the rock to clear the right-of-way. The photo shows his Michigan Tractor Shovel removing the jagged pieces which weigh up to 6½ tons each—too heavy and awkward for most comparable machines to even attempt. Jobs like this prove the ability of Clark equipment to operate profitably under the toughest conditions.



. . . or 20-foot lumber

Getting lumber from warehouse to mill across a main street was a problem for this Indianapolis yard—until a Ross Carrier was installed: end of problem. Hustling 20-foot lumber to the mill for sizing is no trick for the fast, husky Carrier: 5-second pick-up, fast travel, 3 seconds to spot the load—this extraordinary speed makes the Ross more than a versatile machine. It's a revolutionary handling method worth investigating in practically any type of business.

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For 50 years, specialists in the basic business of Transmitting Horsepower to Multiply Manpower

. . . Manufacturers fear Reds would copy U. S. designs

So far, the Russians have placed no orders. Their farm delegation which toured this country recently talked with manufacturers about buying tractors, hay balers, cotton pickers and other machinery for their state farms. But they indicated they would want only one or two to try out.

That is viewed as an obvious effort to steal U. S. designs for copying in Russian factories. In the past, Russians have copied U. S. tractors, autos and machine tools.

Trade on that basis would not be worth much to the U. S., officials warn. Manufacturers might find themselves competing with duplicates of their own products in foreign countries. The Russians today are competing with the U. S. in sale of tractors and other machinery to India and the "underdeveloped" countries.

The Russians, however, are not even pressing any token orders as yet. They seem to be interested in getting other things that are more closely linked with war industries—things the U. S. would not agree to sell, under present rules.

This failure of the Russians to do any real business with the U. S., despite all their talk about trade and "peaceful coexistence," poses a mystery. Some American businessmen ask: What are they up to?

Soviet goals. Russia, say Government experts, actually is holding out raw materials and the possibility of buying U. S. farm products as bribes to break down all U. S. controls over exports. Thus she would gain free access to U. S. know-how both for war and for competition.

That is how officials, familiar with the devious history of Soviet trade, size up the Kremlin's latest plans.

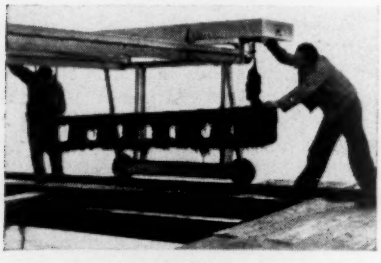
These officials point out that the Communist leaders look on trade as a political device, too. In the long run, the aim is to make the Soviet bloc as nearly self-sufficient as possible, to buy as little as possible.

For the time being, however, the Russian leaders need trade. They need better machinery, better methods, better designs than their own engineers and plant managers have been able to work out. The U. S. is viewed by Soviet strategists as a gold mine for this type of help, but one they can reach only after submitting to more scrutiny and restriction than they want to undergo.

Their pressure to expand trade for their own gain seems to be arousing interest in the United States. But officials here are finding, on study, that the kind of trade the Russians have to offer is not big in volume and not very inviting.

Ocean Laboratory—here at its big Kure Beach, N. C., Testing Station, Inco exposes thousands of metal specimens to the corrosive effects of salt spray, salt air, salt water.

How hard can the sea bite? This is no secret to Inco Corrosion Engineers. For over thirty years, they have been collecting data on the corrosive and erosive effects of sea water on many different kinds of metal.



"Corrosion in Action"—this is the name of an Inco-prepared film showing how corrosion acts and how it can be controlled. Prints loaned to engineer, student, corrosion specialist groups.

How International Nickel finds out what the wild waves are saying

The sea's a killer of many metals. Some it corrodes or rusts. Some it wears away. Some it destroys by eating up one of the alloying elements. Some it makes so "allergic" to connecting metals that corrosion is speeded up.

To hunt this killer down, International Nickel has made the ocean into a test tube. At Harbor Island and Kure Beach, North Carolina. Here, Inco Corrosion Engineers study the corrosive effects of salt water, salt spray, salt air, water velocity, marine growths, coupling methods.

Over more than thirty years, International Nickel Company has collected data from almost a quarter of a million individual tests on the behavior of metals and various other materials under all sorts of corrosive conditions.

To help you plan Inco Nickel into your future, International Nickel will be glad to help you apply this test data to any corrosion problem you may have. Or to arrange special tests for you. The International Nickel Company, Inc., Dept. 283d, New York 5, N. Y.

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Senator Capehart Tells of

TROUBLE BETWEEN U.S. ALLIES

What's Back of Anti-Greek Riots in Turkey

Riots that ripped through Turkey are exposing deep-seated problems in that key sector of the defense line against Russia.

U. S. planners are worried by what they find in Turkey. The country is in a financial jam. Its economy is running downhill. Political stresses are developing.

On top of that, Turkey is now at odds with another U. S. ally—Greece. Friction between these two nations could weaken the West's security in that part of the world.

In what follows, Senator Capehart, of Indiana, just back from Turkey, examines the angry riots—and the troubles behind them.

Reported from
ROME and WASHINGTON

America's No. 1 ally in the Middle East is in trouble of the most serious kind.

Turkey is almost broke. Its Government desperately seeks a U. S. loan. As prices go up, so does discontent among the people.

This situation had much to do with the all-night riots of September 6-7, when enraged mobs swept through the streets of Istanbul, Ankara and Izmir—Turkey's three largest cities.

On the surface, that rioting was an anti-Greek demonstration to protest Greece's claim to the island of Cyprus off the Turkish coast. Mobs burned and looted about 4,000 shops, 80 churches and 700 homes owned by people of Greek and Armenian descent. Estimates of damage ran as high as 300 million dollars.

Below the surface, however, there is much more than the dispute over Cyprus. Turkey's economic problems contribute to the unrest. There are political strains in the country, too. Martial law is still in force, weeks after the rioting.

Senator Homer E. Capehart (Rep.), of Indiana, had an unusual opportunity to look into the rioting in Turkey. As a delegate to a meeting of the International Bank and Monetary Fund, Senator Capehart arrived in Istanbul in time to witness the destruction left there and to question many Turks about the disorders.

To get his firsthand report, members of the Board of Editors of *U. S. News & World Report* interviewed Senator Capehart twice—first in Rome, just after he left Turkey, and again after his return to America. Here is what the Senator found about the plight of a prime ally of the U. S.:

Q Senator Capehart, what was the situation in Istanbul when you got there?

A I arrived 24 hours after the riots occurred. Martial law had been declared, and there were thousands of soldiers marching up and down the streets—and there were many tanks, as well. We could see the results of the damage to hundreds and hundreds of places of business. Many of them were completely destroyed and others partially destroyed, with their merchandise in the streets—merchandise of all kinds and types—fresh meats, canned goods, radios, refrigerators, shoes, jewelry and clothing. In fact, many streets were covered with merchandise.

–USN&WR Photo

SENATOR CAPEHART
The rioters: "Those who have not"

Q What happened at the Greek Orthodox churches? Was there looting there?

A The damage was ordinarily that of breaking windows, pews, altars and so forth—tearing down everything within the church and then burning it. When they were finished there was nothing but the four walls of the church left standing. I actually saw some of this myself.

The damage they did to cemeteries was tearing down headstones and digging up bodies and cutting them to pieces—the desecration of corpses.

Q What started the rioting? Was it a protest demonstration against Greece's claim to the island of Cyprus?

A I could not determine whether the Turks were excited solely over the Cyprus issue. Of course there is bound to be some feeling in Turkey on that subject. Cyprus has a Greek majority—but it once belonged to Turkey, before the British took it over nearly 100 years ago. And it's only 40 miles off the Turkish coast. So naturally the Turks do not want Britain to hand the island over to Greece.

But, regardless of how strong their feelings may be about the Cyprus matter or against minorities such as the Greeks, the Turks are not justified in the destruction of private property and churches and cemeteries. There's never any justification for that sort of thing, regardless of how provoked one might be.

Q Well, just what did cause the rioting?

A My judgment is that the Cyprus issue was a contributory element to the rioting. I think the Turks' dislike of

the Greeks and minorities of all kinds, as well as their economic conditions, were also contributory reasons for the rioting.

I think it was a riot against those who have by those who have not.

Q Are people having hard times in Turkey?

A Prices are very high and my general impression was that they were quite inflationary. The people were complaining about the high prices. One could say that Turkey is certainly in an inflationary spiral.

Q What about the Government itself? How are its finances?

A Personally, I think it is a known fact that they do need considerable outside exchange, either dollars or pounds, to carry on the economy of the country. How serious it is, I just can't answer at this point.

Q The Government has applied for a loan of 300 million dollars from America, hasn't it?

A It applied, prior to the riots, for a loan—yes.

Q Were you able to find out how the rioting started?

A I was not able to find out, and I don't think anyone else was. But I am going to recommend strongly to my Government that they spend whatever time and money is necessary to find out who was responsible for it.

Q Is there any evidence that the Communists were responsible?

A There certainly was no evidence of it. A few people felt it was Communist-inspired, and some thought that the Bulgarian immigrants had something to do with it. But I think one can safely say that it was organized and controlled and run by some segment of the Turks.

Q Do you think anybody in the Government is responsible for the rioting, as the Greek Government implies?

A I could not answer that question. I can only say that it was highly organized, with the rioting in Istanbul beginning at the same time all over the city. I wasn't there long enough to ascertain the facts on this matter. But the rioters were equipped with picks, bars, trucks and equipment to hitch on to the steel fronts of the stores and pull them down.

Q Then there was nothing spontaneous about these riots?

A No one maintains that it was a spontaneous demonstration. I talked with no one who felt it was spontaneous.

Q Did the Turkish authorities do what they could to stop the rioting?

A It seems to me the Turkish Government could be criticized for not moving faster and not stopping the riot at its inception.

It is interesting that, even though the

(Continued on page 106)

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[continued]

TROUBLE BETWEEN U. S. ALLIES

police were there with clubs and thousands of people were rioting, no one was seriously hurt among the rioters.

Q How long did it take to get the Turkish Army into action?

A They moved the troops in before I arrived. But even though there is a big Army barracks right in the center of Istanbul, the troops were not moved in until eight or 12 hours after the rioting started.

Q Were any Americans attacked or hurt in the rioting?

A As far as I know, there was no anti-Americanism in the riots and no Americans were injured.

Q You went to Athens after your visit in Turkey, didn't you? What did the Greeks tell you?

A The feeling in Greece, of course, was running very high, and they were terribly hurt that they were not getting the proper sympathy and that the riots were not being condemned by the free nations of the world and their allies and the press of the world.

Q Have the riots endangered the Balkan Alliance of Greece, Turkey and Yugoslavia?

A The situation is not good. But my best judgment is that they will reconcile their differences and there will be a continuation of the Balkan Alliance.

Q How do the Greeks think the situation can be remedied?

A By placing the guilt upon those responsible, by proper apologies honestly made and by complete restitution for personal damage and property loss.

Q Do you think the Turkish Government itself should pay compensation to victims of the rioting?

A I think the Government should, yes.

Q Does that mean you feel the Turkish Government is implicated in the rioting?

A Whether it was or whether it wasn't—and I wasn't able to ascertain that—the fact remains that the Government completely fell down and permitted this destruction of private property and churches and cemeteries. They either were very inefficient or they just didn't care. In either case, I think they should compensate those who lost through the riots.

Q Do you believe the U. S. should act, too?

A Both Greece and Turkey are of great importance to America and we must move heaven and earth to overcome this crisis in relations between these two countries. The United States Government, and the President, should condemn the action in Istanbul and other cities. I am sure the Greeks would appreciate that—

Q What about Turkey's request for a big American loan? Do you feel the U. S. should hold off longer on that now because of the riots?

A I should think that we would need assurances that a thing of this sort would never happen again, and that we were certain that they were going to compensate the people for their losses. I would think the Turks themselves would want to do it. I feel that every enlightened Turk cannot help but be opposed to what happened in Istanbul and other cities.

—Wide World

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"The U. S. Government should condemn the action"

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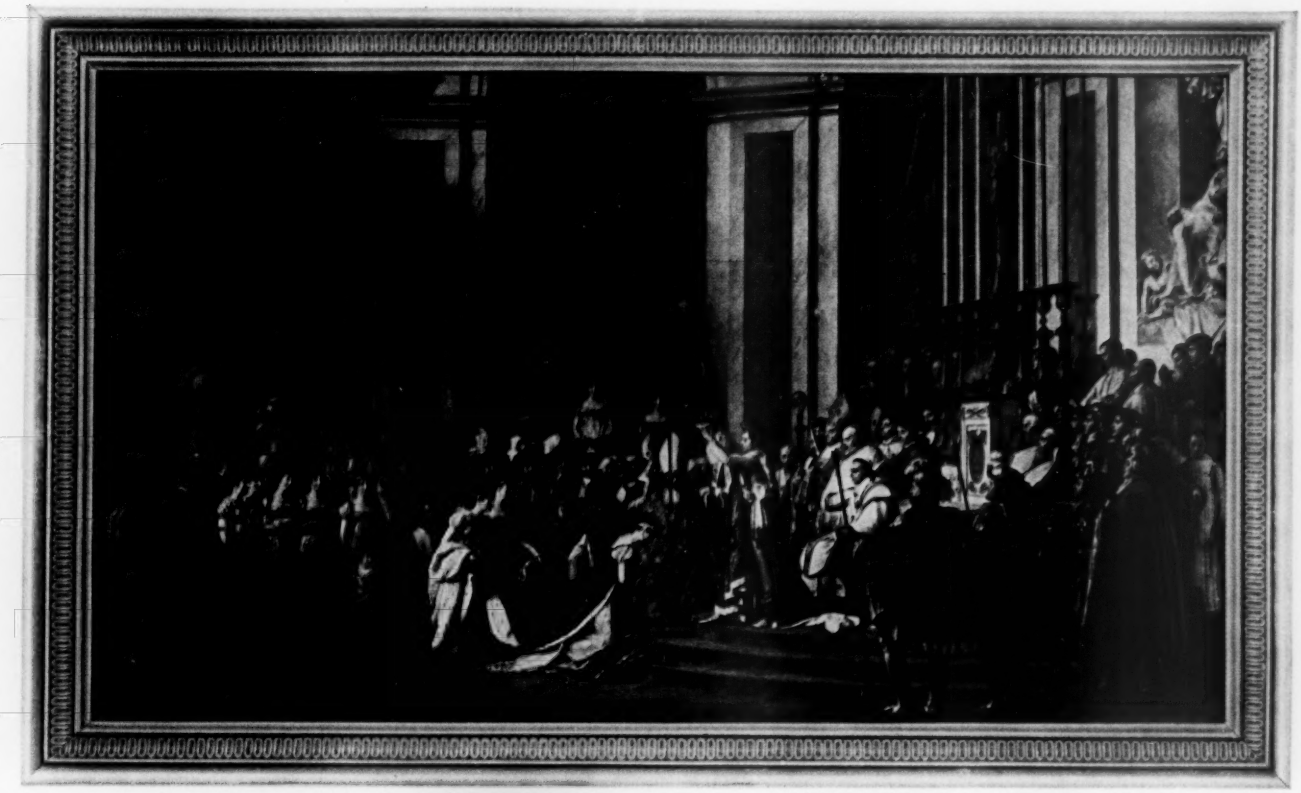

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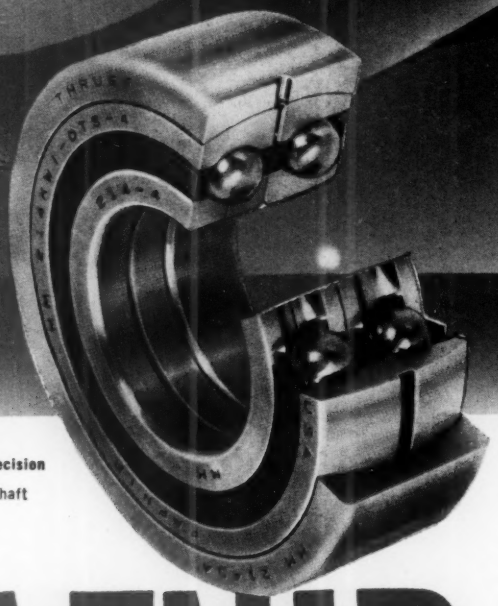

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ROME—An American in Paris wrote an American friend in Rome:

"Every time I look around these days I see another Congressman."

The same line could have been written in Rome—or in London, Berlin, Stockholm, Copenhagen or Moscow, for that matter.

Never in history have the Europeans had so many official visitors from the U. S. Capitol. Something like 150 members of the Senate and House—more than a quarter of the total membership of Congress—have been in one part or another of Europe during the last few months.

Counting wives and assistants, almost that number of persons has been included in congressional groups visiting Rome alone since the first of October. On one typical day in one embassy, 20 State Department employes were busy welcoming incoming Congressmen, arranging schedules for those already in town or checking travel arrangements for others who had just departed.

—Standard Oil Co. (N.J.)

IN EUROPE THIS YEAR . . .
. . . a big group from Congress

By far the big majority of congressional travelers in Europe are on official business—working on committee assignments, checking up on defense, looking into foreign aid, etc. Only a few come here on their own in the role of American tourists. But, whether they come officially or unofficially, they get the full treatment as visiting dignitaries as soon as they check into an American embassy.

What is all this official travel costing? Who picks up the check?

Any answer to the first question would be nothing but the wildest guess. The answer to the second question is: It's the U. S. taxpayer who pays, either directly or indirectly.

Government gets the tab. Official traveling expenses are borne entirely by the U. S. Government, which either pays for transportation aboard commercial airlines or ships, or provides military aircraft free. This year, Senate and House committees allotted 6 million dollars for investigations. Part of this was for travel by investigating Congressmen, including travel to foreign countries.

A few Senators and Representatives pay their own way, but most travel free. Members journey to almost every country in the world and there are many different ways of handling their expenses.

For most who visit West Europe on official business, expenses are defrayed through the use of "counterpart funds." That's a reserve of local currencies built up by the U. S. Government in Europe through one phase of the Marshall Plan when the U. S. was pouring equipment such as tractors and bulldozers into countries on the Continent. Here is how it works:

The Frenchman, for example, who got a tractor paid for it in francs. That payment in francs was set aside by the French Government in a counterpart fund. A small portion of the fund was

(Continued on page 110)

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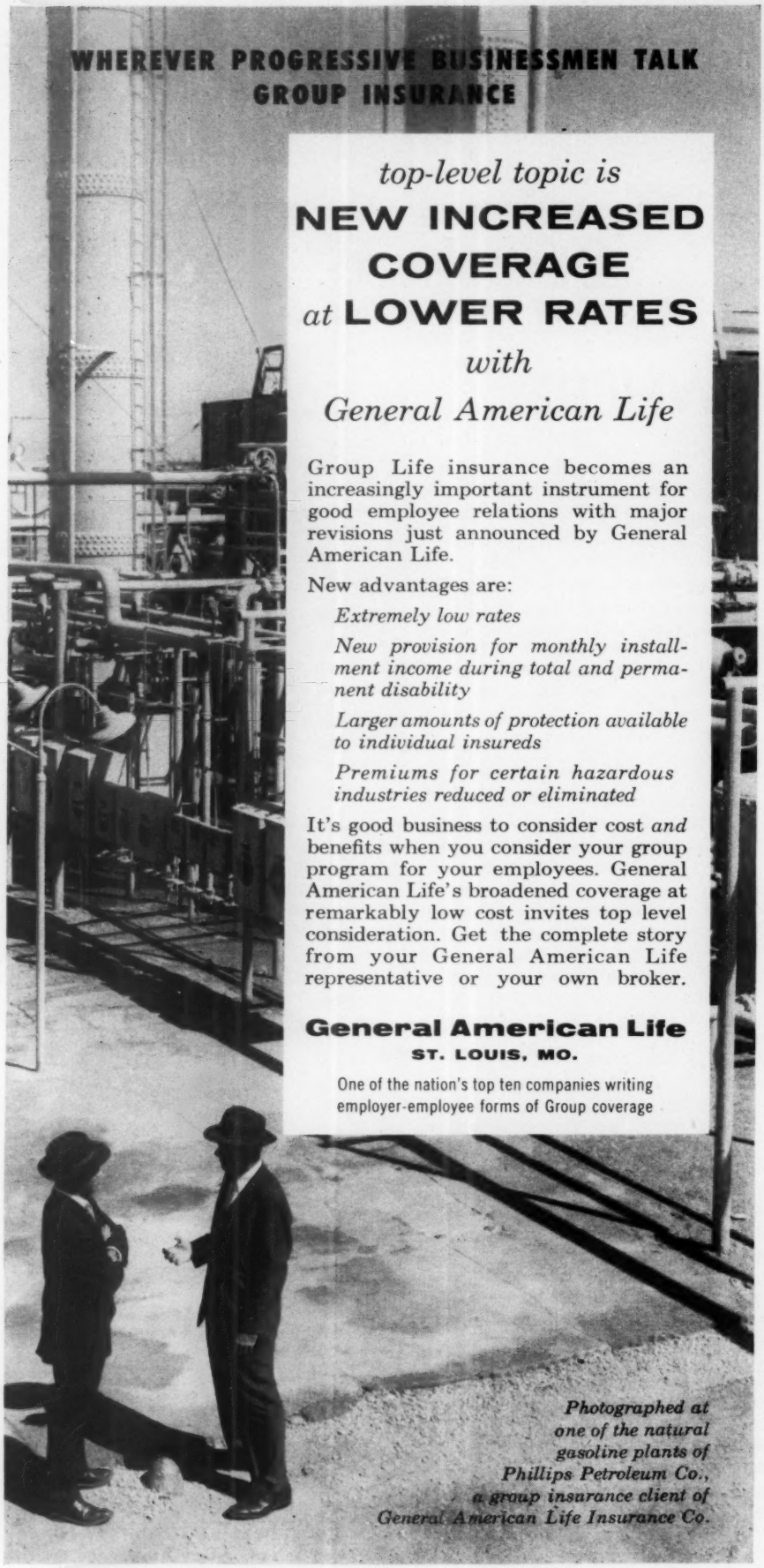
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. . . Congressman's travel comes to $50-$75 a day

turned back to the U. S. to cover American Government expenses in France.

This procedure was followed in other countries, too. Counterpart funds, thus, are available nearly everywhere in Western Europe. The money cannot be converted into dollars and can be spent only inside the country. So the money Congressmen spend is, in effect, a part of a frozen deposit to the credit of the U. S. Government—and only a small part of that. In the last six years, the U. S. Government has had the use of about 100 million dollars in such deposits, and there is still a lot left.

When a congressional committee decides that one of its members should look into conditions abroad, the committee notifies the State Department, which in turn alerts the embassies concerned. So, when the Senator or Representative arrives in Europe, everything is ready for him. He merely indicates to the embassy the amount of money he is likely to need and it is given to him, with no questions asked.

No funds for families. Actual figures are seldom made public, but the average Congressman's expenses probably run between $50 and $75 a day in local currency. Some require well over $100. This money is supposed to be used only for basic personal expenses—hotel rooms, meals, laundry, tips—and not for expenses of accompanying wives, children or friends. The Congressman signs a receipt for the funds. The only report he makes on their use is to his committee back in Washington.

What's behind the increase in foreign travel by Congressmen?

There are several answers to that. For one thing, it's a nonelection year; Congressmen have more time. Also, the Russians opened the Iron Curtain a little, and about 30 Congressmen leaped at the chance to look at that unfamiliar part of the world. The "cold war," generally, has generated more interest in foreign policy, and is responsible for expanded military and economic activities abroad. Congressmen feel that they have to get a close look at these from time to time. President Eisenhower's keen interest in international affairs is also credited with inspiring some legislators to go abroad to see for themselves.

The flood of "official tourists" will probably taper off from now on. But it is clear already that 1955 will see Congressmen set a new record high for travel abroad.

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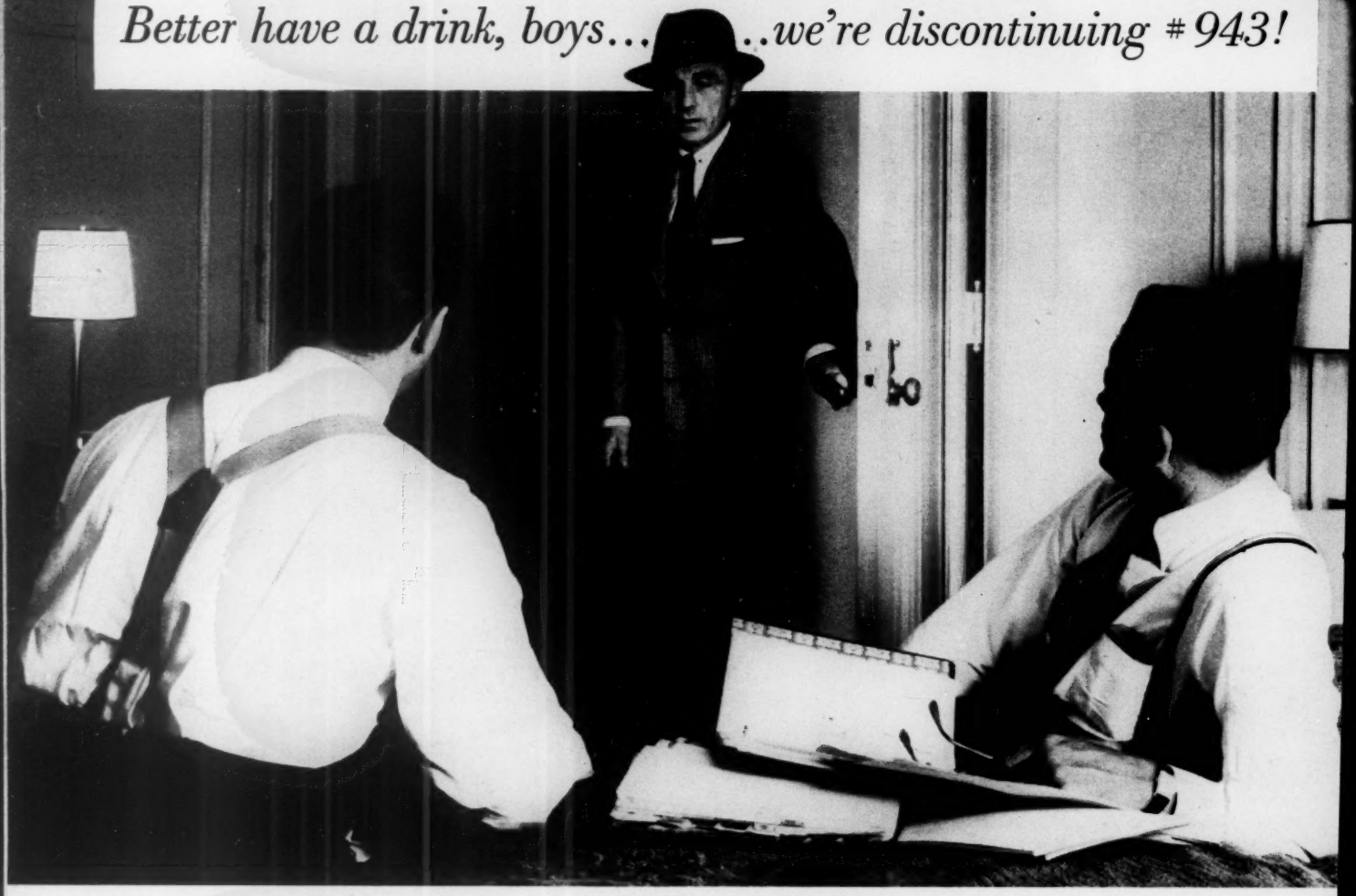

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Company after company is turning in reports of all-time-high earnings for 1955's first 9 months. Gains over 1954 are almost, but not quite, universal.

Profits are reflecting America's biggest industrial boom.

Stockholders also are coming in for their share. Wage earners already are being paid all-time-high rates. Now stockholders in many concerns are to receive higher dividends, and a rash of year-end extras is expected.

General Motors Corporation, the country's biggest manufacturer, is the outstanding performer so far this year, with earnings of nearly 913 millions.

General Motors profits, after taxes, seem sure to top 1 billion dollars this year. That will mark a record for any corporation.

But the big motor company is by no means alone in the profits parade. Boom prosperity is being spread quite broadly through U.S. industry.

Steel industry reports sharp gains. United States Steel Corporation pushed profits from 138.2 millions in the 1954 period to 267.5 millions so far this year. Allegheny-Ludlum ran up profits from 2.4 millions to 10.4 millions.

Chemical companies, too, are pushing earnings skyward. Union Carbide and Carbon reports 101.4 millions against 63.1 millions. That's typical.

Oil industry continues its profitable years, with the leader, Standard Oil of New Jersey, reporting 523 millions against 438 millions.

Railroads, which were hit by last year's setback, have recovered. The Pennsylvania Railroad reports 32.1 millions against 11.8 millions.

These are samples of what's going on, profitwise, in air lines, tobacco, electrical appliances, glass, and container industries.

Not all firms, however, are sharing in the boom. Westinghouse Electric Corporation and Allis-Chalmers Manufacturing Company are not doing as well in the current year as they did last year.

Optimism over the future, sparked by record sales and profits, spreads.

Better year in 1956 than in 1955 is predicted by Commerce Department's Business Advisory Council. That's the consensus among industrialists who make up the Council and professional economists who were at their recent session.

Total business volume next year also is expected to be higher than this year's record by economists polled by F. W. Dodge Corporation, which specializes in the construction industry.

Same refrain is heard by Dun & Bradstreet, Inc., in a sampling of 1,363 business executives. Two thirds of them count on better business in the first quarter of 1956 than in the corresponding quarter of 1955.

Bases for these optimistic forecasts, essentially, are these:

(over)

People's incomes will go on rising and so will retail sales.

Investment by business in plant and equipment will continue to be high.

Government spending will rise a bit, too, chiefly at the State and local level, where needs for public improvements are large.

Caution about the second half of 1956 is sounded, however, by both the Advisory Council's economists and the F. W. Dodge panel.

Boom's peak, in other words, may well be reached by midyear, 1956, in the opinion of these analysts. After that, a mild downturn.

In your own planning, it may be wise to note that auto sales probably will not match this year's record in 1956, and that home building already shows signs of slackening. With these two generators of the boom losing force, the general trend may be down in 1956, contrasted to the strong uptrend of 1955.

Sore spots in the midst of boom are soon to get official attention.

Chronically depressed areas will be recommended for special treatment in a program now being fashioned inside the Administration.

In outline, the plan calls for consolidation of outright programs of relief, extending technical assistance to depressed communities, and some federal loans in co-operation with private lenders, State and local governments.

Typical communities eligible for this assistance are textile towns in New England, coal centers in the Pennsylvania-West Virginia area. The boom has bypassed these areas, just as it is bypassing the farmer.

New York State also is taking steps to bolster prosperity through a New York Business Development Corporation, which is about to sell stock.

Development Corporation is organized to extend loans to small, growing business firms, or to new industries. It will be privately financed.

Pattern of the New York firm was drawn in New England a few years ago.

In New England, development corporations were instrumental in financing venturers in the fields of electronics and nuclear development.

General idea of these organizations is to provide the capital that small or new firms need but cannot easily get through the usual sources, such as commercial-bank loans, or the securities markets.

Small businesses, however, seem to do fairly well with their financing.

Survey of business financing, made by Commerce Department, indicates that most small firms are able to get the support they want.

Resources inside the business were found to be ample by 56 per cent of the 15,500 firms sampled. This group did not want any outside financing.

In addition, 24 per cent reported they got all outside aid they needed.

Only 7 per cent reported failure to raise any money at all. The remaining 13 per cent got some, but not all, of the financing they wanted.

The survey reviewed the year ended June 30, 1954, a time of mild setback. It covered small retailers, wholesalers, manufacturers, building contractors. When outside money was needed, most of it came from banks.

U.S. aid to other countries still runs high. It came to 4.5 billions for the year ended June 30, 1955, down 760 millions from the preceding year. Arms aid dipped, but economic aid rose, with the increase going to Southeast Asia.

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☑ **YOU CAN,** in operating a civilian ***atomic-reactor program,*** count on greater help from the Atomic Energy Commission in planning for safety devices. In a move to improve its safety services for private firms and institutions, the Commission transfers its hazard-evaluation staff to its Division of Civilian Application.

* * *

☑ **YOU CAN** now obtain a license to export some types of ***copper materials*** without showing that they are available and without giving the names of the foreign purchasers. The Bureau of Foreign Commerce announces that this information no longer is required with 1955 applications for licenses to export copper scrap, copper-base-alloy scrap and copper-base-alloy ingots.

* * *

☒ **YOU CANNOT,** as a consulting engineer, avoid complying with the ***Wage-Hour law*** for your employes who prepare plans for repairing and improving railroad facilities and streets that carry interstate traffic. By refusing a review, the Supreme Court leaves in effect a lower-court finding that such workers are covered by this law.

* * *

☒ **YOU CANNOT** legally interview all your employes in your office or in their homes to urge them to vote against a union in a forthcoming ***collective-bargaining election.*** The National Labor Relations Board decides that such activity by an employer and his supervisors interfered with the proper conduct of an election, in violation of the Taft-Hartley Act. In the election in question, the union lost by a small margin. The Board now orders another election.

* * *

☒ **YOU CANNOT,** in setting up a ***new plant*** near a railroad line, safely buy the site from the railroad for less than the railroad paid for the land. In separate suits, a federal and a State court rule that the Elkins Act forbids sale of land below cost as an inducement for locating a plant near a rail line. The manufacturer finds that he can be held liable for four times the amount that he saves in the purchase.

* * *

☒ **YOU CANNOT** get a tax-exempt rating for an ***employes' pension plan*** or trust unless at least one employe is covered by it. This is a ruling of the Internal Revenue Service.

* * *

☒ **YOU CANNOT,** in figuring an ***estate tax*** for a deceased veteran, avoid including in his estate the proceeds of a Veterans' Administration insurance policy. The Internal Revenue Service holds that these proceeds are not exempt from federal estate tax.

* * *

☒ **YOU CANNOT,** as a ***drug manufacturer,*** fail to use on aspirin bottles and packages a conspicuous warning that aspirin should be kept out of the reach of children. In issuing this new ruling, the Food and Drug Administration gives manufacturers six months—until April 11, 1956—to comply.

* * *

☒ **YOU CANNOT,** as an employer, after a strike adopt a policy that gives nonstrikers greater ***seniority*** than strikers. The Labor Board finds that an employer discriminated, in violation of the Taft-Hartley law, by establishing such superseniority for nonstrikers.

Conclusions expressed in these paragraphs are based upon decisions and rulings of courts and Government Bureaus. In making their decisions, courts and bureaus consider many facts which, for reasons of space, cannot be set forth in detail. U. S. NEWS & WORLD REPORT, *on written request, will refer interested readers to sources of this basic material.*

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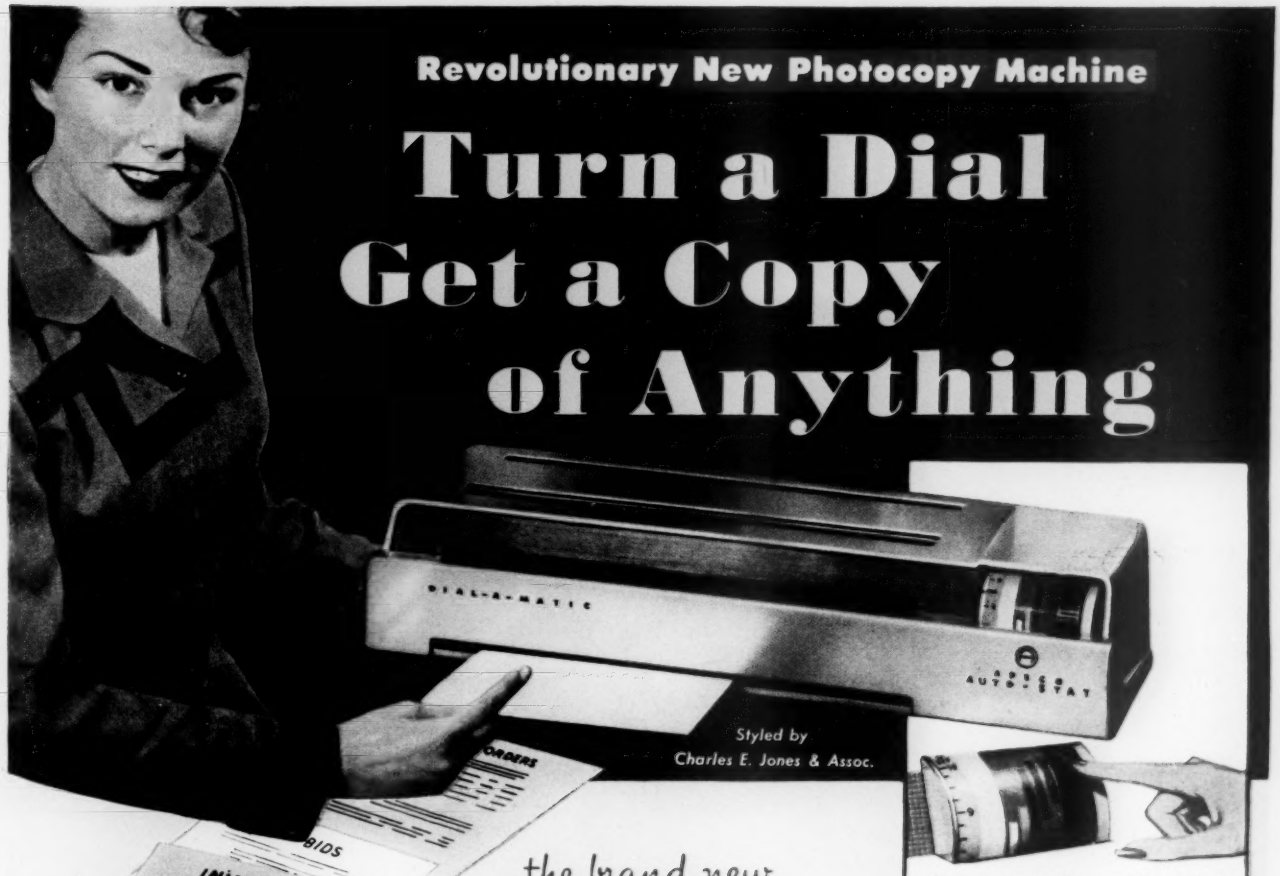

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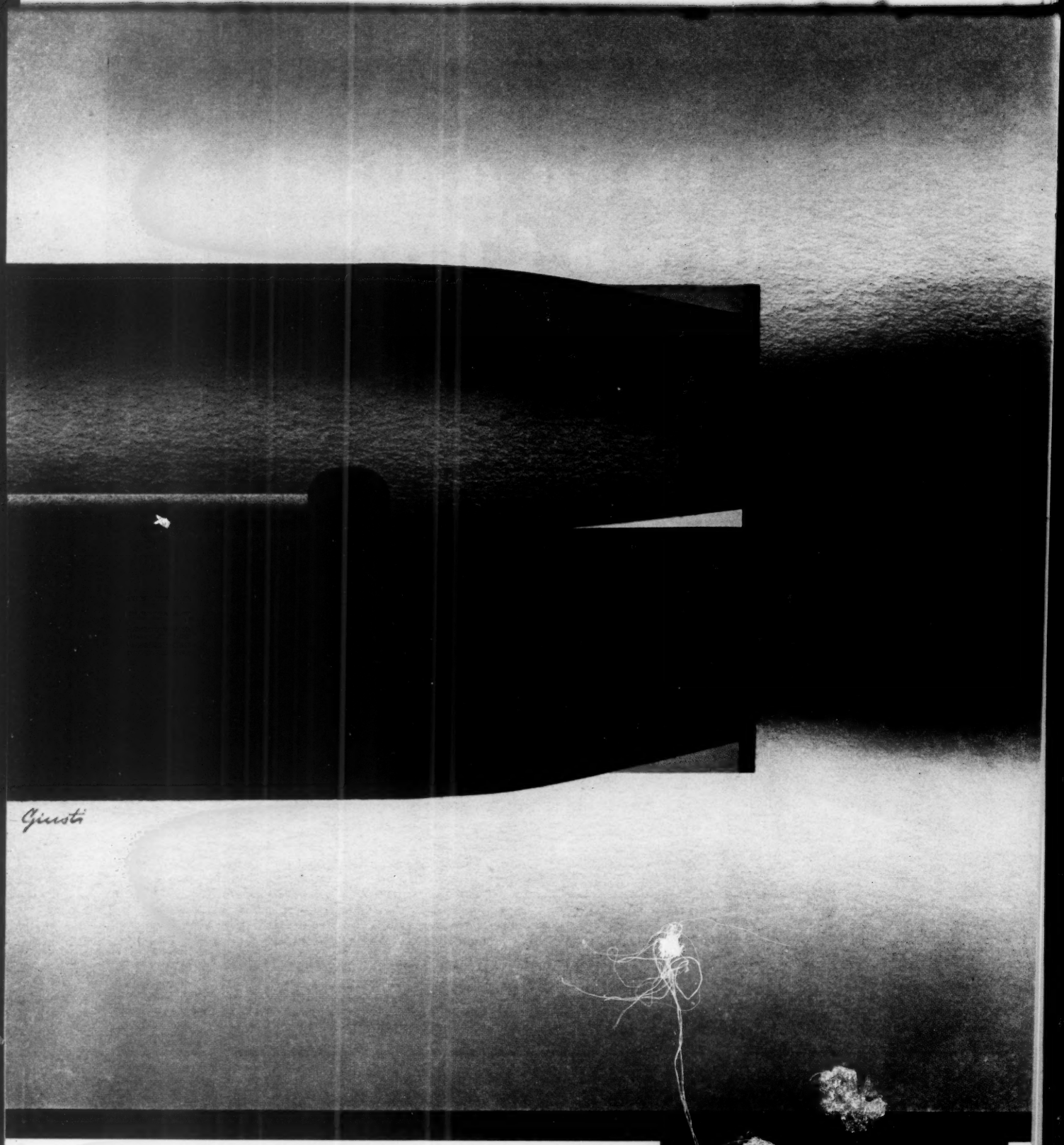

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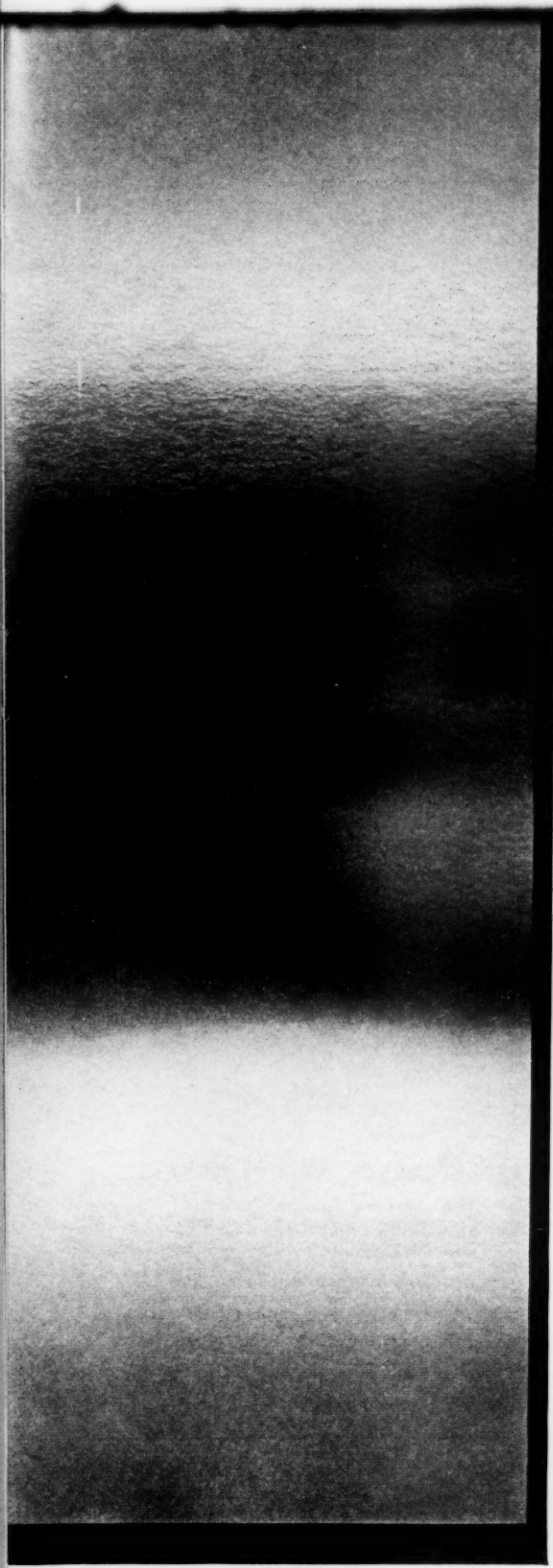

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Now, in the lungs of Lycoming's advanced gas turbines developed for the Military—the turbine principle finds new usefulness, this time for helicopters. Employing broad knowledge and bold thinking in aerodynamics, thermodynamics, and metallurgy, scientists of Avco's Lycoming Division have achieved in the T 53 turbine important design advantages: dramatic compactness (never before has 800 H. P. been housed in so little space), versatility in installation and operating characteristics, high efficiency, ruggedness, long life, and low production cost. The T 53, developed in close cooperation with the U. S. Air Force and U. S. Army Transportation Corps for helicopter use, also broadens the benefits of turbine power to fixed wing aircraft and many other mobile and stationary applications. Through advanced turbines—as well as improved reciprocating engines, better components, finer precision parts —Lycoming translates research into practical realities for defense, for peace.

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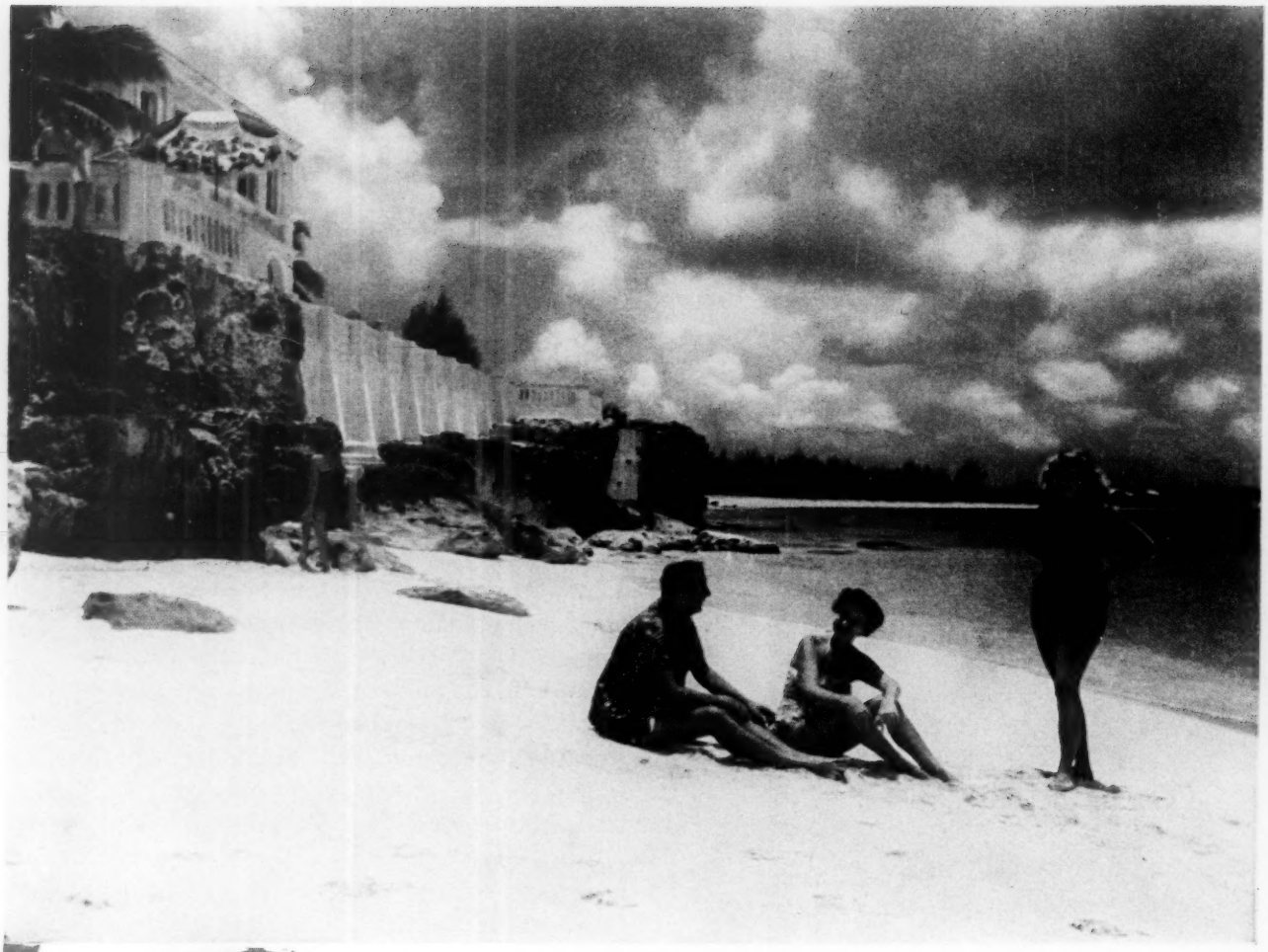

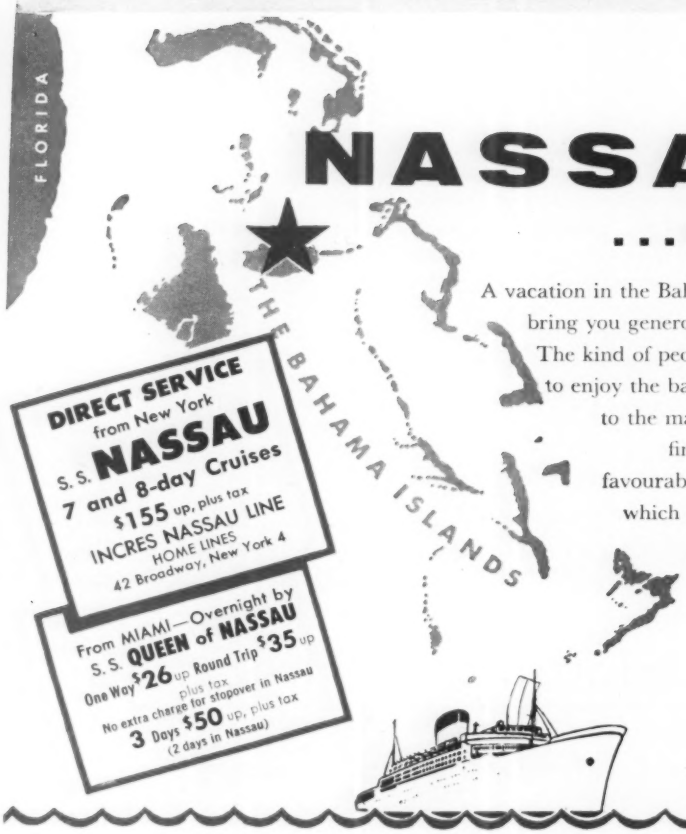

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PLUS & MINUS
Latest Indicators of Business Activity

Business activity has expanded still further, lifting the U. S. standard of living to a record high.

Factory output increased to 144 on the indicator in the week ended October 22, a new high mark, 12 per cent above a year ago.

Steel mills produced more of the metal than in any other week in history.

Auto plants, turning out 1956 models, expanded output to 131,952 cars, a 30 per cent gain over the week before, according to Ward's Reports, Inc. Dealers are making fast progress in cleaning up stocks of 1955 models.

New orders for industrial supplies and machinery, sensitive to the ups and downs of industrial production, rose to peacetime record in September. Carloadings increased to 834,499 in the week ended October 15, up 11.9 per cent from a year ago and the largest total in three years.

Department-store sales averaged 123 on the indicator in the first three weeks of October, 8 per cent above a year ago and almost equal to the heavy rate of July.

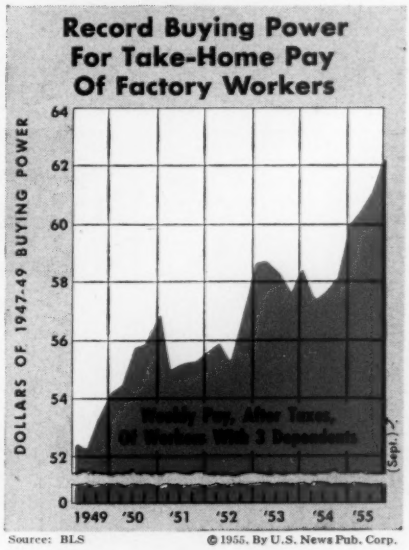
Buying power of the public is the largest ever. Take-home pay of factory workers, as the top chart shows, was at a new high in September, 7.1 per cent above a year ago. Per capita buying power in the U. S. in the third quarter was 5.5 per cent above a year ago.

Explanation for the swift rise in buying power lies in the steep climb of incomes at a time when living costs were stable. The cost of living, though edging up recently, is no higher than a year ago.

The farmer, in a measure, has helped the city worker to prosper. The farmer's share of the consumer's food dollar has slumped to 40 per cent, below any year since 1940. Lately, hog prices have dropped to their lowest since 1944, corn to its lowest since 1949.

Shopping behavior of the consumer from now on is to be closely watched by the industries supplying his wants. New influences may affect his spending.

Installment debt will expand less rapidly in 1956. Money policy of the Government has tightened. Sales will not be spurred anew by a drastic easing of credit terms, such as happened in 1954 and 1955. Repayments on installment debt now take a record 12 per cent of after-tax incomes, will gradually rise. New credit is now being extended at a rate equal to 14 per cent of incomes.



A drop in auto sales, should one develop in 1956, would strongly influence the pattern of consumer spending, leaving more income to be spent on other goods and services.

Home furnishings already are contending sharply with autos for the consumer's dollar. In the third quarter of 1955, furniture and appliance stores had sales 15 per cent above a year ago. Automotive sales were up 26 per cent; all other goods, 7 per cent.

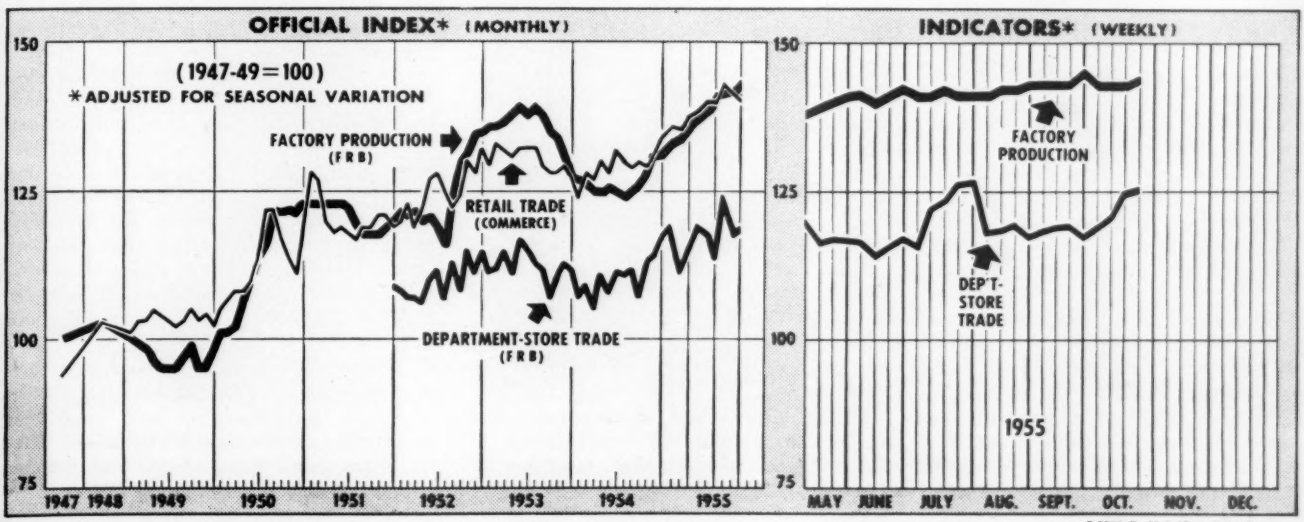
Suburban living has created a multitude of new demands only now beginning to be filled. The suburban home dweller is proving an eager customer for power mowers, garden cultivators, barbecue equipment, folding furniture for outdoor use, power tools and equipment of many kinds.

High labor costs—for plumbers, electricians, carpenters, yardmen, domestic help—have intensified the need for labor-saving devices. Manufacturers are striving to supply tools best suited for the do-it-yourself homeowner.

Factory sales reflect strong consumer demand. Gains so far this year are 76 per cent for clothes dryers, 25 for washing machines, 18 for refrigerators, 31 for electric ranges, 16 for gas ranges. Furniture shipments have run 15 per cent ahead of last year. New orders are heavy and the 1955 total is running 19 per cent ahead of 1954.

Cost of home maintenance, repairs, additions and alterations exceeds 9 billions per year—more than half the sum spent building new homes.

Business, as a whole, shows no serious weakness at this time. Its present strength seems likely to last at least until next spring.



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HOW BRITISH UNION LEADERS LIVE

Not Very Well, by U. S. Standards

In Britain, trade unions are big and powerful. But they don't pay high salaries to their own leaders.

Highest-paid head of a union gets little more than $100 weekly, plus moderate expenses. Most union officials live modestly.

By contrast, U. S. union leaders get up to $60,000 a year, draw big expense accounts. Some live in elaborate homes.

LONDON

There are no Dave Becks, George Harrisons or John L. Lewises among the union leaders of Great Britain. British labor officials can't come close to matching the $163,000 home of Mr. Beck, the $60,000-a-year salary of Mr. Harrison, or the $50,000 a year paid to Mr. Lewis.

Mr. Beck's home is provided by the AFL Teamsters Union, which he heads. Mr. Harrison draws his big pay check for being president of the AFL Railway Clerks. Mr. Lewis gets his $50,000 as president of the United Mine Workers. But, in Britain, most union presidents draw no salaries and receive very few perquisites.

Presidents of British unions usually serve for one year only, while continuing to hold their regular jobs as workers in industry. Here, the general secretary usually is the full-time official of a union and the one who draws the biggest salary.

But salaries of general secretaries are small compared with top pay of union officers in the United States. Sir Vincent Tewson is general secretary of the Trades Union Congress, a group of affiliated unions similar to the American Federation of Labor in the United States. The TUC has 8 million members. Sir Vincent is the highest-paid leader of organized labor in Britain, receiving the equivalent of $5,600 a year, plus a modest expense allowance. George Meany, his counterpart in the U. S., gets $35,000 a year, plus expenses.

The biggest single union in Britain—and one of the largest in the free world—is the Transport and General Workers Union, with more than 1.3 million members. Its general secretary, Jock Tiffin, gets $4,760 a year.

In the U. S., a comparable union would be the Teamsters, claiming about 1.4 million members. It pays Mr. Beck $50,000 a year and expenses.

Salaries of union leaders in England, while they vary widely, average out to a level far below the rate in U. S. unions. Among 30 important unions in Britain, the salary of the average secretary is $3,360 a year. These groups have memberships ranging from 30,000 to 1.3 million.

One union with 13,000 members pays its secretary $4,900. Another, with more than 800,000 members, has its highest officer on a salary of $3,000. By comparison, only a few U. S. unions pay less than $5,000.

Homes of British labor leaders, as a rule, are modest compared with those of union officials in the U. S.

Sir Vincent does have a fairly large residence on Kings Road, in a prosperous suburb of London. Tom Williamson, secretary of the National Union of General and Municipal Workers, has a three-story brick home.

On the other hand, secretaries of two big unions live in the headquarters of the unions. They are Ben Gardner, of the Amalgamated Engineering Union, and Tom Yates, of the National Union of Seamen. Each pays rent to the union.

In addition, Mr. Gardner's union is unlike most in having its president, not its secretary, as its full-time official. As for Mr. Yates, his salary reportedly is about $3,000.

Arthur Horner, secretary of the National Union of Mineworkers, is another official getting about $3,000 a year. He is a known Communist. The union owns the brick house he lives in, but Mr. Horner pays rent. He has one advantage over his fellow secretaries—he gets free coal to heat his home.

A salary of $4,600—somewhat above the average for British unions—is paid by the National Union of Railwaymen to its secretary, James S. Campbell. He lives in an apartment house in London. This group has nearly 400,000 members, about 100,000 more than the Railway Clerks in the U. S., which pays the top labor salary of $60,000 to Mr. Harrison.

Expense accounts of the British labor leaders also are smaller than for their counterparts in the U. S.

There are no unlimited expense accounts, such as some labor leaders in the U. S. are understood to have. A British union official who must travel about Britain turns in an expense account, but he

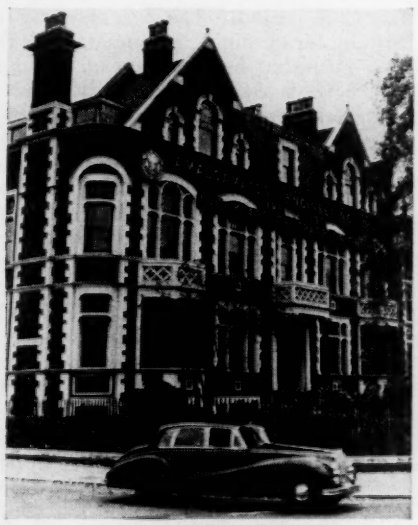
(Continued on page 124)

LONDON IS "HOME" TO MANY LABOR CHIEFS

SIR VINCENT TEWSON, general secretary of Britain's Trades Union Congress, lives in this residence in a prosperous suburb of London. Sir Vincent is Great Britain's highest-paid labor leader at $5,600 a year, plus a modest allowance for expenses

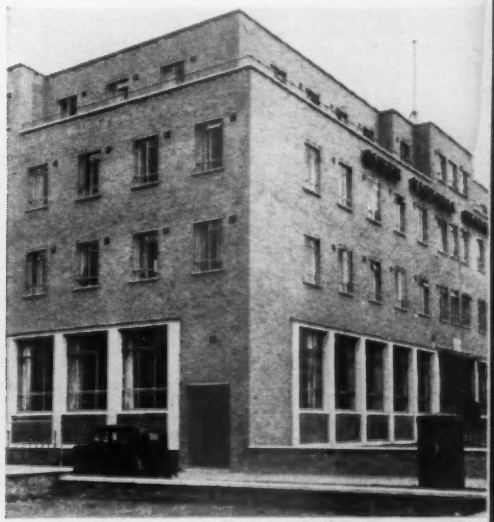
ARTHUR HORNER, secretary of the National Union of Mineworkers, draws a salary of about $3,000 a year, rents this brick home from the union; gets free coal to heat it

TOM WILLIAMSON, of National Union of General and Municipal Workers, lives in this three-story home, more imposing than the quarters of some of his colleagues



BEN GARDNER, secretary of the Amalgamated Engineering Union, lives unpretentiously in this union-headquarters building, and pays rent to the union

JAMES S. CAMPBELL, of National Union of Railwaymen, lives in this apartment building; gets salary of $4,600 from 400,000 union members



—Photos from Black Star

TOM YATES, secretary of the National Union of Seamen, rents quarters in this union building; is paid a salary of about $3,000 a year

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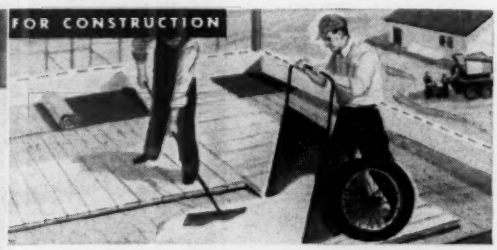

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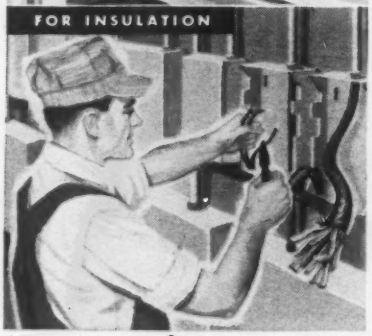

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. . . Union organizers get $30 a week in Britain

is not allowed to live on a scale more lavish than he would at home, union officials say.

When a British labor leader, however, manages to get a trip to a conference in another country, his union usually is a little more liberal in expense money. "We have to give him more so that he can keep up with his foreign colleagues," it is explained.

Private automobiles for officials are unusual in the British labor movement. The few unions that do provide cars require that the officials use them strictly for business, labor sources say. The impression in Britain is that U. S. unions are much more generous on auto usage.

Lesser employes of British unions, such as economists and other staff technicians, also are paid far below comparable employes of U. S. unions. British unions, in fact, pay such small salaries that they have a hard time keeping their staff workers. A department head of the Trades Union Congress gets about $2,500 a year.

"If I were to take a job as a civil servant in the Ministry of Labor," one TUC employe said, "I could start at double my present salary."

Organizers in Britain get salaries of $30 to $35 a week, on the average. Result is that the unions have trouble keeping organizers. In a country that is short of manpower, such employes can make more working in factories than in trying to recruit union members at the gates.

Officials and staff members of unions in England are envious of the large office buildings that serve as headquarters for U. S. unions. There is nothing in Britain, for example, to compare with the new Teamsters headquarters in Washington, costing about 5 million dollars.

British tradition, the country's union leaders explain, plays a strong part in the differences between the two systems. Union activity in England long has been on a voluntary basis, has been considered a "crusade." Labor's officials still are expected to devote their time to the movement on the basis of service, not salary.

"Like a monk in a monastery," it is explained, "the British labor leader is supposed to desire the material things of life only to the extent of satisfying his basic needs."

There also is a theory here that a union official should not expect to be paid a salary far in excess of the wages earned by his members in industry. An official summed it up: "Frankly, we would have a hard time with our members if we lived in the style of many of the American labor leaders."

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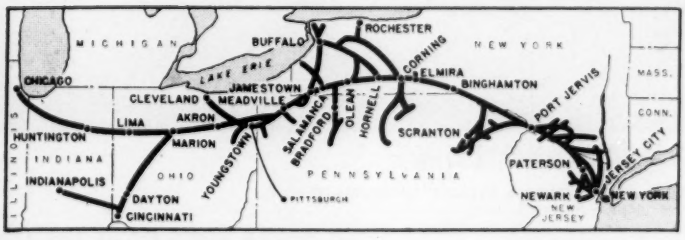

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SMALL INVESTORS ARE POOLING STOCK PURCHASES—HERE'S HOW

You're going to hear more about "investment clubs" in the future. They are on the rise.

Clubs are small, and each member puts up only $15 or so a month to buy stocks.

Now, though, these clubs are approaching 10,000 in number, with scores of thousands of members taking part.

That many people investing regularly can buy a lot of shares.

Small investment clubs, springing up all around the country, are headed for what stock-exchange officials suspect is a significant role in the stock market.

The sudden popularity of these clubs—formed by groups of friends, neighbors, or business or social acquaintances—has astonished officials of the New York Stock Exchange. A survey of trading, conducted by the Exchange on two separate days this year, revealed that the total activity of the thousands of investment clubs was beginning to rank with that of the country's huge institutions. On the two survey days alone, the clubs figured in the purchase or sale of 92,100 shares of corporation stock.

"They seemed to come out of nowhere," said one Exchange official. "They ranked sixth in share volume among all the institutions. We couldn't believe our own figures till we checked them."

The survey figures show why Exchange officials were so surprised. On the days studied, the clubs' share volume was nearly double that of all of the country's life insurance companies. It was well over half as large as the volume of all of the fast-growing pension funds and 40 per cent as large as the share volume of the mutual investment companies.

Popularity of investment clubs apparently began to rise about five years ago, and went into a steep climb in the bull market that got under way around September, 1953. Actually, these clubs are no new phenomenon. First one recorded was back in 1898. Modern clubs, however, seem to have gotten their new start around 1940.

Now these clubs, formed to give members a chance to get together and study investment opportunities, and to invest savings co-operatively, are located all over the U. S. The National Association of Investment Clubs reports it is in contact with about 5,000 clubs now organizing.

"There may be as many as 10,000 active clubs in existence," according to G. Keith Funston, president of the New York Stock Exchange. He believes that "this suggests a total membership of over 100,000 people, with investments running between a million and a million and a half dollars a month."

How clubs operate is something that more and more people are finding out as such groups spread.

Essentially, these clubs are informal organizations of individuals who pool their efforts and savings in order to invest. The initial appeal usually is to people who have limited amounts of cash to invest and not too much knowledge of how to invest it.

One such club, for example, grew out of a weekly golf foursome. The golfers had frequently discussed their desire to start buying stock regularly, when one of them heard of the investment-club approach and sold his friends on the idea. They organized 11 other members of the same country club, drew up by-laws, and were off. Each member agreed to put up $10 a month as a start, for a modest investment pool of $1,800 a year.

Now the club members meet for dinner once a month, with wives joining in occasionally. After dinner, the members turn to the business of investing.

Each monthly meeting finds the club with $375 of new savings to invest, since the contribution has been boosted to $25 a month. Dividends received on the growing portfolio of shares also are available for investment.

At each session, two or three members report on particular companies that have

(Continued on page 128)

—USN&WR Photo

BROKER'S OFFICE: WHO DOES THE BUYING?

One Indiana dealer founded a whole new business around investment clubs

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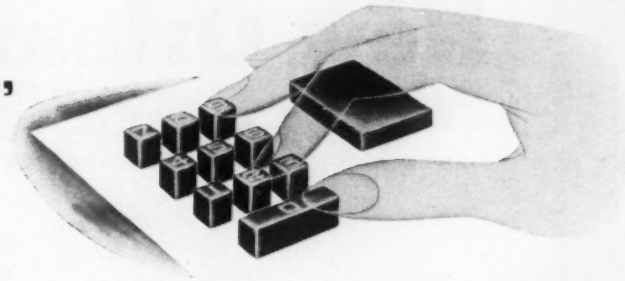

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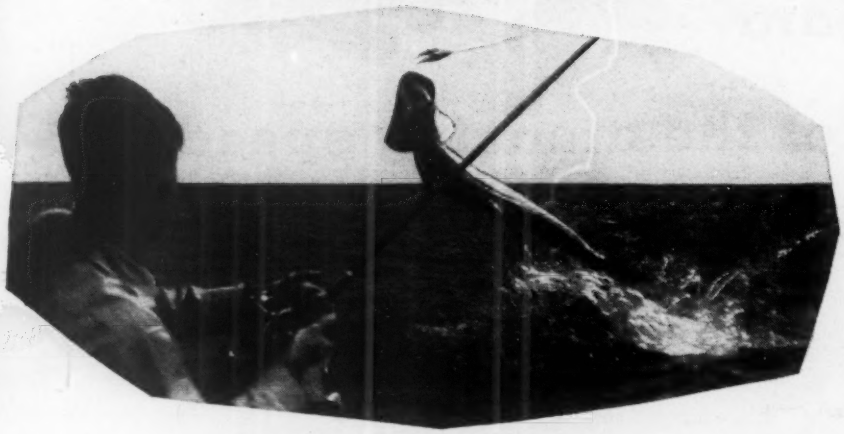
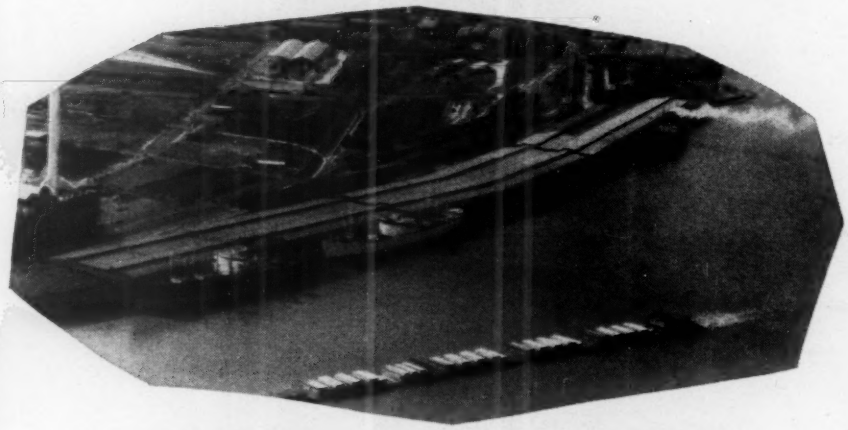


for tarpon



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. . . Investment groups provide education in stock buying

been under study. After some investigation and considerable discussion the members decide where to invest their increment of cash.

At the same time, the members go over their portfolio and decide on what holdings to sell, if any, and what replacements to buy.

Today, after three years of investing —and a long bull market—the club's portfolio is worth far more than the total of about $11,000 built up from members' monthly savings. More important perhaps, the members have learned a great deal about investing, about the values of corporation stock, how to look over the record of a corporation and get some idea of whether its shares offer an opportunity for investors.

A variety of approaches and methods is used by the clubs. Virtually all, however, stick to long-term investing in common stocks that offer possibilities of growth. Earlier investment clubs often went in for the less certain lure of quick profits from speculation. Most of those fell apart when the market broke.

An investment club, in most cases, makes arrangements for advice and help from a local broker, checking with him before each meeting for guidance and ideas. Some brokers decline to bother with the clubs. Most brokers, however, recognize that, while small clubs may offer no wealth of business by themselves, their members are likely to grow into sophisticated investors with perhaps significant sums to invest.

An Indiana broker formed a whole new business around investment clubs and fostered their formation until he now has about 80 of them going.

Rules of the game vary among clubs. So do the size of each group and its monthly contribution from members.

Most of the clubs have 10 to 15 members, with 13 the average, though a few are bigger. A very few have been organized with 100 or more members, but few of these succeeded. They proved too unwieldy. They found, too, that clubs of 25 or more are required to register with the Securities and Exchange Commission as regular investment companies.

Ten dollars is the usual monthly saving per individual, two thirds of the clubs using that figure. In some groups, however, the contribution runs to $70 a month. In many of the older clubs, members are permitted to put in more than the regular amount and thus buy an extra interest in the club's portfolio.

Very few of the groups are incorporated. Most, indeed, are pretty in-

(Continued on page 130)

Interest exempt, in the opinion of counsel, from all present Federal Income Taxation

NEW ISSUE

October 26, 1955

$415,000,000

The Illinois State Toll Highway Commission

NORTHERN ILLINOIS TOLL HIGHWAY 3¾% *REVENUE BONDS, SERIES OF 1955*

Due January 1, 1995

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Dated October 1, 1955. Principal and semi-annual interest (January 1 and July 1, first coupon payable July 1, 1956) payable at the Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois, the Paying Agent. Coupon bonds in the denomination of $1,000, registrable as to principal only; fully registered bonds in denominations of $1,000, $5,000 and $10,000 and multiples of $10,000; coupon bonds and registered bonds interchangeable as provided in the Resolution. The Paying Agent has made arrangements for the bonds and coupons to be collected through the following banks: The First National Bank of Chicago, Harris Trust and Savings Bank, The Northern Trust Company, City National Bank and Trust Company of Chicago, American National Bank and Trust Company of Chicago, Chicago National Bank, and LaSalle National Bank, in Chicago, Illinois; The First National City Bank of New York, The Chase Manhattan Bank, Chemical Corn Exchange Bank, Bankers Trust Company, and J. P. Morgan & Co. Incorporated, in New York, New York; and Bank of America National Trust and Savings Association in San Francisco, California.

The Illinois State Toll Highway Commission, an instrumentality and administrative agency of the State of Illinois, is authorized by Chapter 121 of the Illinois Revised Statutes, 1953, as amended, to construct toll highways at such locations within the State as may be approved by the Governor. These bonds, authorized to pay the cost of construction of the first stage of the Northern Illinois Toll Highway, are to be issued under and secured by the terms of a Resolution adopted by the Commission on October 25, 1955 and naming the Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois, Trustee, Paying Agent, and Bond Registrar. The bonds together with any which may be issued on a parity therewith are to be payable solely from and secured by a pledge of the bond proceeds and the revenues of the Northern Illinois Toll Highway. Neither the faith and credit nor the taxing power of the State of Illinois or any political subdivision thereof is pledged to the payment of the principal of or interest on the bonds.

***These bonds** are offered when, as and if issued and received by us and subject to the unqualified approval of legality by Chapman and Cutler of Chicago, Bond Counsel to the Commission, and Wood, King and Dawson of New York, and Isham, Lincoln & Beale of Chicago, Bond Counsel to the Underwriters. White & Case of New York are Special Counsel to the Underwriters. The offering is made only by means of the Official Statement, copies of which may be obtained from such of the undersigned and other Underwriters as are registered dealers in this State.*

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The present members of The Illinois State Toll Highway Commission are Evan Howell, Chairman; Orville J. Taylor; William Wood Prince; Governor William G. Stratton, ex-officio; and E. A. Rosenstone, Director of the Department of Public Works and Buildings, ex-officio.

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. . . Clubs are "piling up growing stake for future"

formal in the legal sense. A club normally appoints one of its members to serve as agent and files a formal notice with its broker to that effect. The agent buys and sells for the group, and the club's shares are held by the broker in the agent's name.

Each month, the club treasurer presents a "liquidation" statement, showing the club's position and what it would be worth if it liquidated. If that figure comes to, say, $30,000, each of 15 members would hold a $2,000 share—assuming they owned identical interests.

Each month, too, the member receives a receipt for his contribution, and a statement showing what part of a club share that contribution purchases.

Most of the clubs have waiting lists of individuals who want to join. Few clubs expand their memberships, once formed, but most provide for taking on a new member when one of the older members moves out of town or decides to sell out his stake.

Voting by clubs usually is of two kinds. The members normally have just one vote apiece on general-policy issues, or on approval of a new member. But in most of the groups the members vote their share interest when it comes to deciding on an investment.

How the clubs fare is a question that would draw a variety of answers. Most members will tell you: "We're not making any fortunes, but we're piling up a growing stake for the future."

Starting out, most clubs do well to show a book value equal to total contributions within a year or so. Within that period, commission costs on their transactions are relatively high, particularly since almost all purchases are of the small, odd-lot variety that meet a high commission rate. After a time, though, the monthly contributions, plus dividends, begin to accumulate.

For most clubs and their members, it's strictly a long-run venture aimed at acquiring a stake in growing companies whose stock someday will be valuable.

Accordingly, most clubs invest their monthly savings regularly, whatever the market outlook of the moment. Essentially, theirs is a dollar-cost averaging approach—one that averages out the high and low points of the market.

Future of the clubs remains to be seen. Stock-exchange officials have little doubt, however, that, if the clubs continue to spread as they are spreading right now, they will become a major force in the market and an even more significant force in educating ordinary citizens in the business of investing.

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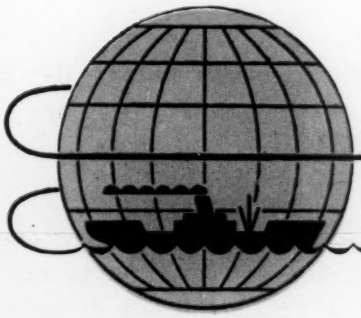


Business Around the World

LONDON • OTTAWA • BUENOS AIRES

>> R. A. Butler, Britain's Chancellor of the Exchequer, comes up with this formula to try to keep inflation from getting out of hand: boost sales taxes even higher, cut popular subsidies and add to Government revenue without cutting Government spending much. It's a program nobody likes--not even Mr. Butler.

Two big questions remain to be answered. One question is whether even these rises in sales taxes will discourage Britain's spending spree and force goods into export channels. Next question is whether wages will continue to go up.

>> This is what Mr. Butler's anti-inflation program does:

Sales taxes, already ranging from 25 to 75 per cent, are upped 20 per cent more. A car taxed at 50 per cent and selling for $1,960, including tax, will cost about $2,072. And many items formerly exempt are now to be taxed.

Phone, postal rates also go up. Tax on dividends, now 22½ per cent, rises to 27½ per cent. But housing subsidies are to be slashed. They're costing more than 200 million dollars a year. Spending by nationalized industries, competing with private business for scarce goods and labor, is to be cut back. Government spending on buildings, public works is ordered curtailed.

Government revenues, swelled by higher taxes, will now increase at rate of nearly 400 million dollars a year. Over all, spending by Government is not being cut significantly, not as much as Britain's conservative press suggests.

>> It's important to note some things that Mr. Butler is not doing.

Income taxes are not being raised. Installment buying is not being further discouraged. Imports are not directly limited. Farm subsidies are untouched. Wage freeze isn't mentioned. Even sales taxes weren't raised to levels feared.

Mr. Butler was not nearly as tough as London expected him to be.

>> In fact, London wonders if more restraints won't be needed before long.

Trade deficit, first nine months of 1955, exceeded '54 deficit for same period by 700 million dollars. Imports are up 11 per cent over '54 level.

Coal, steel imports this year have cost 280 million dollars, despite record output of steel. These imports alone cost Britain more than it has earned so far this year from automobile exports, and autos are its biggest single export.

Britain's trouble is its narrow margin of safety. An 11 per cent gain in imports is too much for Britain, while West Germany's 30 per cent increase in imports seems to leave Bonn officials relatively unworried.

Big issue now is whether Britain's labor unions will respond to the program by trimming their wage demands. Mr. Butler's tax on dividends is designed to appease labor. Boosts in sales taxes, however, may impress labor more.

(over)

Railway union, for one, already threatens new demands for wage raises in order to offset living costs forced up by the increased sales taxes.

Butler--and Britain--are not yet out of the economic woods.

>> Canadians are having second thoughts about U.S. firms in Canada.

U.S. business, investments are welcome, called essential, but.....

Exclusion of Canadians from U.S. subsidiaries in Canada is beginning to be resented. Of 4,253 firms which are branches or subsidiaries of U.S. and other foreign companies operating in Canada, only 2 per cent have Canadians on their boards of directors. A good many Canadians are beginning to ask why.

Legislation against U.S. firms isn't being advocated. Instead:

A change in policy of U.S. firms is suggested in order to give Canadians some top management jobs, list stock on Canadian exchanges, make stock available to Canadian buyers--in effect, make these subsidiaries Canadian companies.

Reasoning is that U.S. corporations, as Canadians see it, can't be allowed to control the economic future of big chunks of the Canadian economy.

>> In Argentina, to clean up the mess left by Juan D. Perón.....

Austerity is the new policy. Higher taxes are in the offing. Price controls will have to continue. Import controls may have to be even stiffer.

But: Private enterprise is to be officially encouraged. Foreign investment is invited. Help from U.S., including a substantial loan, is expected.

Perón's five-year plans are out the window. Argentina's farms are to get priority, for a change. Industrialization is to be at a more moderate pace.

This is the new trend in Argentina. It will take time to set in motion.

>> What Argentina has to overcome, according to President Eduardo Lonardi, is a decade of "irresponsibility and corruption." To give you a sample.....

Argentina's internal debt has reached 5 billion dollars. Foreign debt now exceeds three fourths of a billion. Gold, dollar reserves are under a half billion. When Perón took office, reserves stood at 1.7 billion.

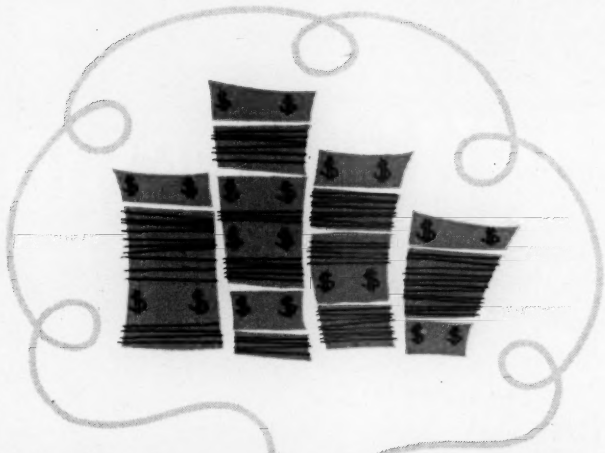
The peso, worth 25 cents when Perón came into power, has been bringing about 3 cents in the realistic black market. Money in circulation, under Perón, increased almost eightfold, while production rose only 3½ per cent.

>> President Lonardi's problem is to get Argentina back on the track. He has made a start by revaluing the peso to 5½ cents, but there is still much to be done. For example:

Power plants need equipment to overcome electricity shortages. Railroads need new rolling stock and a complete overhauling. Factories need machinery and materials. Farms need machinery and modernization. Past-due accounts abroad have to be paid. U.S. investors, among others, need a way to send their profits home.

On top of all this, Lonardi has to spur exports and hold down domestic prices while wrestling with the powerful labor movement built up by Perón.

>> Lonardi's welcome to foreign investment appears to exclude oil. Perón's proposed deal with U.S. firms is dead. Argentina's oil resources apparently are to be developed primarily by Argentines. This means that Argentina will probably go on spending 200 million dollars yearly for oil imports for some time to come.



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EXCLUSIVE—

My 6 Years With Russia's

By Dr. Wilhelm Starlinger, Noted German Physician

What is behind Russia's new talk of peace?

Are pressures building up inside the Soviet Union to force some real change in policy?

What do these recent developments mean for the future of U. S. and the Western world?

Some new answers to such questions have been suggested by a man who spent six recent years inside Russia. He is Dr. Wilhelm Starlinger, a German physician.

Dr. Starlinger obtained his information from an unusual source. He got it from inside Russia's concentration camps, where he was a political prisoner—one of the estimated 10 to 15 million slave laborers in Russia.

Dr. Starlinger's informants were people who know the Communist regime from the inside. They were former Soviet officials, generals, intellectuals who fell out of political favor and wound up as his fellow prisoners.

As their physician, Dr. Starlinger won their confidence. He got their honest views because, in prison with their fate sealed, they no longer had anything to gain by holding back.

On the basis of these talks and his own perceptive observations, Dr. Starlinger wrote a book entitled "Limits of Soviet Power."

This book is known to have had great influence on the policies of West German Chancellor Konrad Adenauer. Through him, too, it has made its influence felt in America's approach to the Russian problem.

Dr. Starlinger found that the present Soviet rulers face many critical domestic problems, and that these problems are compelling them to seek a period of peace in which to solve their difficulties.

Major Soviet problems, as Dr. Starlinger found them, are:

- **A population too small—and growing too slowly—to develop Russia's vast area.**

(*U. S. News & World Report* has obtained first serial rights to print extracts from the book, "Limits of Soviet Power," by Dr. Wilhelm Starlinger. Copyright on the book is held by Dr. Starlinger.

(Quotations up to 1,500 words are released for publication in morning newspapers of Tuesday, Nov. 1, 1955, and for use on radio and television at the same time. For any use in excess of 1,500 words, written permission must be obtained from *U. S. News & World Report*.)

Political Prisoners

THE STORY THAT STARTLED GERMAN CHANCELLOR ADENAUER

• Economic weaknesses, shortages of food, machinery and skilled labor.

• Defects in the Russian character.

• Difficulty in fusing the many nationalities of the Soviet Union into a united nation.

Current peace moves, Dr. Starlinger warns, do not mean that Soviet rulers are abandoning their long-range goal of world conquest. In fact, he finds that Russian nationalism is rising as a powerful and aggressive force.

What, then, of the future?

Dr. Starlinger foresees this:

• China, under great pressure from a growing population, will expand. Eventually, China's interests will collide with Russia's interests. Much then depends upon U. S. relations with China.

• Sooner or later, U. S. will have to come to some kind of working terms with China. The reward for U. S. would be China's detachment from Russia.

• Simultaneously, U. S. must seek some kind of understanding with Russia.

• Great Britain and Germany must align themselves with the U. S.

• Result: a new balance of power, with three great forces led by U. S., Russia, China; and the weakest of these will be Russia.

Dr. Starlinger was a university professor in Königsberg, East Prussia. When that German city was taken over by Russia in 1945, he remained as medical director of two hospitals. He says his arrest was because he knew too much about how the Soviets decimated the German population of Königsberg.

From 1947 until his release in January, 1954, Dr. Starlinger was in Soviet prison camps.

What life was like in those camps, what he learned there, and the political conclusions he obtained are told in the following extracts from his book.

by Dr. Wilhelm Starlinger

CHAPTER I — SOURCES OF INFORMATION

I REGARD MYSELF as entitled—even obliged—to write this book because I think that I have had an unusual opportunity for genuine close contact with the Russians. I lived with them behind prison-camp walls.

It may seem incredible that in a prison camp one could learn much about the Russian people, about conditions outside the camp, or about the nature of the Soviet Government and the problems that it faces.

The fact is, however, that my close association with fellow prisoners and camp officials proved to be an inexhaustible source of general information about life outside the prison camps, in that far-flung realm which today is called the U.S.S.R.

In prison camps, I was able to talk with countless educated and intelligent men, many of them fresh from the other side of the camp palisades, and possessing inside knowledge of what was really going on in the Soviet Union.

To understand this, it is necessary to realize that I was in a camp for political prisoners. Such camps, until 1953, repre-

(Copyright 1955 by Wilhelm Starlinger)

. . . "These prisoners are men who have had to remain silent during almost a whole lifetime and now, in a prison camp, they are able for the first time in their lives to talk with frankness"

sented a state within a state. Inmates were isolated from the outside world and never again were permitted to return to their people.

It is important to know that the ordinary, nonpolitical criminal is not similarly exiled from society, but is regarded under Soviet law as a "social associate" who has become a criminal only because of still prevalent traces of capitalistic environment. He is considered capable of re-education and reclamation.

Whoever was condemned to a state camp for political prisoners, however, was forever banished from human society. Regardless of the charge against him, he was—on one count or another—convicted of violating Section 58 of the Soviet penal code. This section deals with all crimes against the state and society—including "counterrevolutionary attitude" as well as espionage, propaganda, sabotage, terrorism, political murder and treason.

The political prisoner was stigmatized as dangerous to the state and to society and therefore was excluded forevermore from all participation in society. He was not permitted to return to his people even after completing his legal sentence.

Hence, the controlling authorities were completely unconcerned with what individuals inside these camps might think, or even with what they might say to each other—so long as their talk did not disturb camp discipline. Officials knew that, no matter what prisoners thought or said, they would never be able to transmit their ideas to the outside.

It was therefore possible to conduct conversations about philosophy, history and literature on an intellectual level.

Some of the prisoners had been arrested years, or even decades, ago. But others had left their homes only a few months before.

Only a few political prisoners were of primitive, unintelligent types. A larger group was made up of former farmers, who could report the attitudes of Russia's harassed peasants. A third—and the most interesting—group was composed of persons from the intellectual elite, the Soviet intelligentsia.

These intellectuals were persons who, in one way or another, had belonged to the Soviet system but then had strayed into opposition—or at least were suspected of having done so.

Among them were not only professors, students, physicians, engineers, economic leaders and journalists, but also Communist Party officials ranging up as high in rank as members of the Central Committee, state officials up to the rank of ministerial executives, and military staff officers up to the rank of general.

Thus, inside such a prison camp, one was provided an almost perfect cross section of experiences and opinion outside the camps.

True, the intellectuals in prison camps do not include members of the highest circle of Soviet leaders. They, if they survive their removal from office, apparently are not confined in the usual camp for political prisoners.

The prisoner group does, however, include persons who, as a result of years of responsible work, have gained an insight into the party, state and economic structure which exceeds by far what the ordinary Soviet citizen—let alone a foreigner—is ever able to gain.

Also these prisoners are men who have had to remain silent during almost a whole lifetime and now, in a prison camp, they are able for the first time in their lives to talk with a frankness that is possible only when all bridges have been burned behind them.

Not every newly arrived inmate empties his heart at once. But, after a time, he begins to talk with increasing readiness as he gains more confidence. He talks with especial freedom to the physician, such as one like myself, to whom he feels himself bound in gratitude.

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Although these contacts represented my most important source of news, they were by no means the only source. Their reports were supplemented by a stream of letters from outside. While the isolated foreigner was forbidden to write or receive mail, each Russian prisoner was allowed to write and receive

EDITOR'S NOTE:

This report represents extracts from a book, "Grenzen der Sowjetmacht" ["Limits of Soviet Power"], published in Germany by the Holzner Publishing House, Würzburg. It was one of a series of "Supplements to the Yearbook of Albertus University, Königsberg," put out by the Göttingen Research Committee, which is composed principally of scholars who once taught at the university in the East German city of Königsberg, today incorporated into the Soviet Union.

DR. STARLINGER

The author, Professor Wilhelm Starlinger, M.D., was a member of the faculty of the Königsberg university. He remained after the conquest of the city, in Soviet custody, as medical director of Yorck and St. Elisabeth's hospitals. In this capacity he sought to ease the plight of the German residents who, as a result of hunger, epidemics and other causes, were reduced from about 100,000 at the time of the city's capture on April 9, 1945, to 25,000 survivors in March, 1947.

Shortly before those survivors were transferred to Middle and Western Germany, Dr. Starlinger was sentenced by a Soviet court to a forced-labor camp, from which he was released to West Germany at the start of 1954.

. . . "We were transported in cars like cages, popularly known as 'Stalin cars.' My cage, about 10 cubic yards in size, was jammed with 27 prisoners"

two letters a year. Mail was, of course, censored. But this censorship had holes. What slipped through them depended largely upon the haphazard diligence of the censor.

It was often surprising how many significant reports managed to slip through, especially from rural areas. The primitive writing of the peasant farmer evidently was censored less carefully than a letter from the city.

Then, too, there were observations which could be drawn from camp life itself. One could learn much from the actions of camp authorities, their manner of issuing orders, their degree of self-confidence, their changes in regulations, the nature of camp propaganda, the organization of camp work, morale and productiveness, the supplies of materials available and the demands made upon the camps for production.

Beyond this, there was an abundant supply of newspapers. One could compare the big central newspapers with the provincial papers—and the noticeable differences in viewpoints and in coloring of news reports, the changes in the propaganda line and the evaluation of statistics would reveal many things.

A person imprisoned for years develops a sharp eye and sensitive ear for all these things. He compares, combines and concludes—and always has the possibility of checking his conclusions by subsequent events.

For these reasons, this old camp saying, although perhaps somewhat exaggerated, has some basis in truth: In the U.S.S.R. the best-informed persons, outside of the uppermost circle of leaders, are the officers' corps of the MGB [Ministry of State Security] and the elite of political prisoners.

CHAPTER II

LIFE IN A SOVIET PRISON CAMP

In 1947, after about one year in investigative custody, I was sentenced to 10 years' forced labor under Section 58.4 of the Soviet penal code for "counterrevolutionary attitude and conduct."

The principal charge was that I allegedly sought to intercede with the Vatican on behalf of the Bishop of Ermland (a part of East Prussia) who was then living in Middle Germany.

The actual facts were merely that the Bishop sent greetings to me through a German traveling to East Prussia with official permission. The bearer of these greetings was brought to St. Elizabeth's Hospital in Königsberg, of which I was medical director. Talks with that patient were purely in the course of the normal medical visits. Thus, these visits were only an excuse for the conviction.

The real reason for my conviction was that the Soviet occupation authorities saw in me a man who, because of my wide medical knowledge about conditions in Soviet-occupied Königsberg, should be held back in order to prevent any comprehensive reports from reaching the West. For this reason, I was barred from the transports by which, after early 1947, the surviving population of the East Prussian capital were brought to Middle and West Germany.

The knowledge that I possessed included, most importantly, the extent of the general death rate in Königsberg after the capture and occupation of the East Prussian capital by the Soviet Army.

Königsberg's population, which was around 350,000 before the war, was reduced to about 110,000 by the time the city was taken over by the Russians. Some months later, at the end of June, 1945, a census taken by the occupation forces showed 73,000, according to information given me by the so-called deputy garrison doctor.

Of this reduction of about 35,000 persons in a few months, at most one third can be attributed to people wandering out of the city to farms or being removed to the far reaches of the East.

Two thirds, or about 20,000 to 25,000 people, died either from weakness, hunger, illness or homicide.

In October, 1945, the population was 55,000 to 66,000; in March, 1946, it was 40,000 to 45,000; in October, 1946, it was 35,000 to 40,000. As a result of the unimaginable conditions during the winter of 1945-46, the population sank by March, 1947, to 25,000, at most.

Most of these survivors were, in the autumn of 1947 and the spring of 1948, taken out to the West, principally to the Soviet zone of Middle Germany.

In February, 1948, I was transferred from a prison to my first penal camp. This was not, however, a camp for political offenders, but a general camp in which most prisoners were ordinary "criminals."

Then, in the autumn of 1948, a general order was issued for the removal of all inmates sentenced for political reasons. Such prisoners were gathered together for shipment to special camps. Most were shipped in special freight trains to the Arctic Ocean.

I was taken in stages in March, 1949, via Vilna and Moscow, to the super camp compound of Potma. We were transported in cars like cages, popularly known as "Stalin cars." My cage, about 10 cubic yards in size, was jammed with 27 prisoners, and we were confined thus for seven consecutive days and nights. Discipline was extraordinarily severe.

Prison camps for political prisoners are located in many areas of the Soviet Union. Aside from differences of climate and working conditions, they resemble one another in every detail as regards control and attitude.

All are subordinated to the MGB, acting through organs of the MVD [Ministry of Internal Affairs, in charge of the secret police].

The big Potma camp lies halfway between Moscow and Kuibyshev in a wooded area. With regard to climate and working conditions, it can be rated as better than most. For this reason it included a number of sections for invalids.

In 1953, a decisive reorganization of these camps was begun. Hence it appears appropriate to describe briefly the general character of these camps as it was up until then.

The Potma camp lay astride a short railway spur. It was fenced in by a double row of palisades about 12 feet high. The space between these rows of palisades was patrolled by

. . . "There can be no doubt that the average food supply of a working prisoner was considerably better than that of a collective farmer"

watchdogs at night and on critical days. About 60 feet from the inner palisade there was a loose barbed-wire barrier. Between this barrier and the palisade was a "forbidden zone." Anyone entering it was immediately shot without warning by the guards in the watchtowers.

It is strange that this simple method of committing suicide was never utilized, for many prisoners periodically occupied themselves with suicide plans. In all the years of my confinement, however, I did not hear of a single such suicide.

The camp wall was guarded by MGB troops. They also watched over labor detachments working outside the camp. They were armed and had strict orders to shoot at once on even the slightest suspicion of attempted escape.

Maintenance of order within the camp was handled by MVD police. They were not armed. In fact, the bringing of arms into the camp was strictly prohibited. Prisoners were not handcuffed, even when working outside the camp, except under extraordinary circumstances.

Inner-camp rule rested upon the absolute authority of the system. Normally, fear of being transferred to a penal brigade sufficed to maintain order. Transfer to such a brigade meant harder work, confinement after working hours, exclusion from the cinema, no reading material, etc.

Constant Fear: the "Isolator"

Moreover, there was the fear of temporary imprisonment in the so-called "isolator," a special punishment cell found in every camp. Hunger and cold in varying degrees of severity can make the "isolator" an impressive punishment.

In contrast to the usual practice in prisons, corporal punishment was strictly prohibited and rarely occurred. Brutalization through insults and humiliation also was forbidden and became progressively less in recent years.

A prisoner had a right to complain against any injustice by his overseers—and, if he were sufficiently energetic, he could be successful in his complaint. I was frequently amazed by the effectiveness of the hunger strikes to which prisoners often resorted, especially during confinement in the "isolator."

Every hunger strike plunged camp authorities into a state of turmoil. On the third day of the strike, at the latest, a state prosecutor would appear from the outside. Cross-examinations followed in rapid succession. Stacks of reports piled up. And everyone exhorted the striker with fatherly benevolence to listen to reason. The outcome was usually a compromise which was at least half a success for the striker.

I never saw a case of forced feeding or the breaking of resistance by force. I was always surprised at how cautiously every such incident was handled by authorities who otherwise were not at all particular about the means they employed.

The only explanation for this attitude appears to be that a continued hunger strike required numerous reports to top authorities, and this the camp officials were anxious to avoid.

The working day officially was 10 hours long, but was often prolonged during busy seasons—and sometimes was completely skipped during slack periods. The difficulty of the work naturally depended on the climate and the nature of the work. I can only report on conditions in Potma, where there was a large furniture factory, a clothing factory, a brick kiln, etc. Numerous brigades also worked in the woods, on farms, in peat fields, and in building roads and houses. The work norms, which were bearable a few years ago, have been steadily increased and recently could be fulfilled only by "record breakers."

Before wages were introduced, compensation for work consisted of more food or better quarters and preferential treatment in allotting of clothing. A skillful worker could earn, in addition to his normal ration, up to about two pounds of mash and more than two pounds of bread per day.

A "record breaker" doing triple his norm on a machine could earn up to 30 rubles a day, but such performances could be achieved only by skillful, experienced workers, and by them only occasionally.

On an average, a competent factory worker could count on monthly net earnings of about 100 rubles. For this money he could buy in the camp canteen bread, margarine, sweets, tobacco and, on exceptional occasions, also sausage, cheese and fruit.

Labor brigades working outside of camps were much worse off and their work was harder. Invalid brigades took care of the inside of the camp. They received normal rations, but no more. Nevertheless, during recent years their situation improved because many factory workers who received parcels from the outside turned them over to the invalids.

Outright hunger, which existed perpetually up to 1950, was rare during the later years. There can be no doubt that the average food supply of a working prisoner was considerably better than that of a collective farmer not lucky enough to belong to a "model" farm.

Sometimes, even the lower-ranking guards envied the food supply of the prisoners.

From the gross earnings of a camp worker, six to eight rubles daily were deducted for clothing, living quarters and the "cost of custody." Defective work drew pay deductions and sometimes punishment.

Food rations improved progressively during recent years and most recently totaled, per day: 700 grams of very soggy black bread, 13 grams of fat, 20 grams of sugar, about 100 grams of salt fish, sometimes a little meat, about 120 grams of hulled barley, and about 600 grams of vegetables.

Prisoners' Rations Stolen

These rations were reduced, particularly in the camp for invalids, by widespread thievery. This thievery, with consent of camp authorities, was practiced by prisoners holding key positions and also by authorities who used the stolen food partly for themselves and partly for the payment of informers and others doing special services. In outright labor camps, such corruption was less observable.

Prisoners were housed in large wooden barracks which, at least after 1950, were free from vermin and, all in all, could be termed clean. Supervision by sanitary inspectors was very strict. Until recently, barracks were overcrowded and invalids had to share their bunks with two or three other persons. With bunks crowded in tiers, there was a shortage of fresh air. Recently, with the general reorganization, housing conditions improved.

Heating was adequate. The outer appearance of the camp was ostentatiously improved from year to year. Each camp had its flock of white pigeons which fluttered merrily about. In the summer, every clearing was turned into a flower bed, cared for by invalids.

Clothing was improved from year to year. A good worker

could get once a year one summer outfit consisting of cotton jacket and trousers, and one winter outfit of cotton-padded jacket and trousers. He also received two sets of underwear and every second or third year a pair of shoes. These articles were new. Bad workers and invalids, however, had to get along with worn clothing.

Clothing was washed regularly and soap for personal cleanliness was adequate.

Barracks were electrically lighted and, after 1952, were equipped with radio loud-speakers that blared from morning until bedtime, uninterruptedly. Once a month there would be a moving-picture show. The camp library, although all works were in the Russian language, was well equipped with about 1,500 to 2,000 volumes for about as many inmates.

The books included some good classical works—partly revised—and some educational works, but were predominantly propaganda in story form. Russian newspapers were numerous, but there were no foreign papers, not even from satellite countries.

Chess was played much and well, and tournaments were regularly organized. Now and then, there were amateur theatrical performances. Card playing was strictly banned.

"Abundant Supply of Doctors"

By Soviet standards, medical care was unusually good. This was due to the fact that the camps for political prisoners contained an abundant supply of physicians. In general camps, however, the shortage of physicians was appalling.

In political camps, serious impairment of inmates' health could nearly always be prevented. Tragic cases did result from intervention by authorities who ignored orders of the sanitary division. Nevertheless, the appalling death rate that prevailed prior to 1949 was materially reduced in later years.

In all the camp hospitals in which I worked after 1949, I found no more than 20 to 25 deaths per year in camps housing roughly 1,500 inmates—and all the deceased died of natural causes.

If one considers that during the first postwar years the death rate in these camps and in East Prussian camps reached 60 per cent—and even higher in the North—then one can realize what progress was achieved. There was an unquestionable endeavor to avoid deaths wherever possible.

Records were required for every illness and death. Seven copies of each medical death certificate had to be made, and were distributed as far as Moscow. So there can be no doubt that the central administration was informed of every death, at least after 1949.

Religious observances were strictly prohibited. Religious talks in small circles, however, were possible, just as other talks on an intellectual basis.

Up to the time of Stalin's death, the regimen of the camps was uniformly stern.

This situation changed when the political upheaval after Stalin's death shook the previously absolute authority of the camp administration. The change began with the "doctors' trial," and increased with the downfall of Beria, chief of the secret police. Not only among prisoners, but also among top camp officials, these events created a feeling of insecurity.

This confusion was increased by the dissolution of the MGB "state."

The camp's economic administration also was dealt a heavy blow. New and less competent ministries moved into its administration, and when I left Potma a fundamental reorganization was in progress. Camp government became soft, the morale of the workers sank, economic disorganization spread and conflicts between overlapping jurisdictions were waged before the eyes of the prisoners.

This same thing happened not only throughout all camps

Following is a statement issued recently by the Expellee Press Service, which is operated in Germany by the Göttingen Research Committee, publisher of Dr. Wilhelm Starlinger's book, ***"Limits of Soviet Power":***

As the Bonn correspondent of the *Chicago Sun-Times*, Frederick Kuh, stated in a detailed report which was prominently played by his paper, the book "Limits of Soviet Power" has exercised considerable influence upon world politics.

In this book, Dr. Wilhelm Starlinger relates his conversations with former high-ranking Communist officials and former Soviet generals whom he met during his internment in Soviet camps, and points out various internal problems of Soviet Russia and the importance of Red China in the shift of balance in the world power situation.

Dr. Starlinger's ideas, the article in the *Chicago Sun-Times* stated, impressed West German Chancellor Konrad Adenauer so strongly that he discussed them with U. S. Secretary of State John Foster Dulles on his recent trip to Washington.

"It seems that Starlinger, through Adenauer, has also been influencing U. S. policy," Mr. Kuh pointed out. He added that, on the other hand, the East and Far East experts of the Federal Foreign Office in Bonn were most critically inclined against Starlinger's theories. The specialist on China in the Foreign Office, Martin Fischer, was said to hold the conviction—contrary to Starlinger—that Red China would expand to the south rather than the north, and that, even in the case it expanded to the north, ample room would be available in undeveloped Manchuria, which belongs to China.

Moreover, the Foreign Office was said to have warned against an underestimation of Soviet power.

Nevertheless, the article concluded, Chancellor Adenauer continued to be convinced of the soundness of Starlinger's ideas.

In this connection it should be noted that Dr. Starlinger, in public lectures and in statements requested of him, has always emphasized, first, that his only interest has been to give an objective analysis of the political situation in the world, evaluating the views expressed to him only recently by former leading Soviet officials; and second, that he had endeavored to warn against any kind of overestimation as well as underestimation of the Soviets.

—United Press

CHANCELLOR ADENAUER WITH SECRETARY DULLES

. . . "Inmates included all Soviet nationalities, with surprisingly many Jews. In one camp for invalids I once calculated the number of Jews at about 10 per cent of the total"

for political prisoners but outside the camps as well, throughout all the Soviet Union.

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Each individual camp in the Potma compound housed an average of 1,500 to 2,000 inmates. After the autumn of 1953 a rapid reduction took place. Entire camps were dissolved and big transports moved eastward. Obviously the camps for political prisoners were being given up, merged with the general camps, and moved reportedly to areas with urgent work to be done east of the Urals.

At about the same time, Potma's factories were placed under the control of the Ministry of Industry in Saransk, while the factory workers—the remaining prisoners—were under command of the camp chief. This chief, formerly an MGB man but now a member of the MVD, was to be subordinated to the Justice Ministry.

Between the factory chief and the camp chief perpetual strife existed. No attempt was made to hide it from the eyes of the inmates—something previously unimaginable. Both chiefs traveled repeatedly to Moscow with grave charges against each other without any mediating action ever being taken—also formerly unimaginable.

Most of the camp inmates were men, but there were also some camps for women. Inmates included all Soviet nationalities, with surprisingly many Jews. In one camp for invalids I once calculated the number of Jews at about 10 per cent of the total.

At the time of the rupture of relations with Israel, before the trial of the Jewish doctors, an anti-Semitic wave swept through the entire Soviet Union and was assiduously encouraged from the top. Inside the camp, too, an anti-Semitic atmosphere developed which was more than merely tolerated by camp leaders. At that time, subordinate guards uttered anti-Jewish insults, accompanied by raucous laughter. A few years previous, an ordinary citizen would have been arrested and punished for this. Experienced Jewish intellectuals repeatedly told me at that time that if this anti-Semitic wave increased they would have to expect pogroms.

Foreigners constituted a small segment in these camps. Of the foreigners, Germans and Hungarians were the most numerous. After all the sentenced German prisoners of war had been transported from the camps in February, 1952, followed by the Austrians, only small groups of Germans remained.

Their number totaled two dozen, for instance, in my last camp in the summer of 1953. In June, 1953, half of these were relieved from camp duties and sent "on vacation." Later it developed that they had gone to Tapiau in East Prussia and in the late autumn of 1953 were returned to Germany.

When I left my last camp on Dec. 11, 1953, eleven of my German comrades remained behind. Three Germans were released with me. No judicial explanation was ever given for our release.

Usually, when prisoners are released, they must ceremoniously sign a statement pledging never to tell anyone what they saw and heard in camp. But we were not required to sign this pledge.

We were transported from the camp, not in "Stalin cars," but in regular coaches. Guards accompanied us only for the purpose of preventing contact between us and Soviet passengers.

After a few days of travel, we reached an assembly camp near Voroshilovgrad. There were assembled about 400 former inmates of camps for political prisoners.

Two things appear significant about this period:

The obvious intention was to send a token group, no matter how small, from every camp for political prisoners that was known to the West in order to convince the West that the so-called "camps of silence" did not exist.

The second significant thing was the utterly disinterested, not to say ruthless, manner of treatment given us by the local authorities. Even the slightest propaganda gesture—in the sense of trying to create a final good impression—was studiously avoided. Moreover, it was made quite plain to us that it was now up to us to see how we got away—that we, as Germans, no longer existed for them.

We were never so cold and hungry in years as during those last four weeks, not because we received fewer supplies, which are identical in all camps, but because of the widespread theft and corruption.

If a transport of returning prisoners of war had not been sandwiched in among us between Christmas and New Year, we political prisoners would have suffered much during those weeks. The POWs had for some time been receiving parcels from Germany, and they gave us delicacies that we had not seen for years.

When we left for Germany, all that was asked of us was where we wanted to be released, in the Soviet zone or in West Germany. No explanations were asked, and all were taken to the area they chose. I arrived in West Germany on Jan. 22, 1954.

CHAPTER III
THE PEOPLE OF SOVIET RUSSIA

ACCORDING TO OFFICIAL TERMINOLOGY, the Soviet realm is populated by the "Soviet man" and this man is motivated by "Soviet patriotism."

"Soviet patriotism" is described as a product evolving from a national culture, animated by proletarian internationalism.

As a matter of fact, this "Soviet man" does not exist. Neither does "Soviet patriotism."

What actually exists in the Soviet Union is a great number of peoples, tribes and groups, and a small number of nations still in embryonic stages of development.

There is only one genuine nation which has become fully mature and conscious of its nationality—and that is the nation of Great Russia.

Its dominance—biologically, militarily, culturally, economically and geopolitically—is so great that it has taken over leadership not only by claim but also by uncontestable reality.

. . . "After the war a census was taken. But the result is said to have been so unexpected that the Government has not dared to publish it. The man in charge of the census was shot"

This will remain true as long as the gigantic Soviet realm, still in a state of expanding integration, is not seriously endangered from without. From within, this dominance of Great Russia can never be seriously threatened, in spite of recurring outbursts of nationalism among the Ukrainians, the Georgians or other peoples.

Neither disturbance of the political system nor threats to the economic system will destroy this Great Russian dominance. Even successful military intervention from outside would cause only a temporary change. After the occupying power withdrew, Great Russians would sooner or later again unite the far-flung geopolitical domain of the Soviet Union under their leadership.

Every international policy that does not recognize this fundamental truth is doomed to failure.

At present, Great Russianism is systematically permeating the entire realm of the Soviet Union. This is taking place in many ways, half consciously, half unconsciously. Great Russianism alone shapes and directs all present instruments of power: the party, the army and the state. . . .

In other words, all so-called "Soviet patriotism" is in the final analysis Great Russian patriotism. At the end of this continuing process of integration there will be achieved a vast, unified domain in which people not only speak Russian but also feel, think and act Russian—unless, of course, this process is interrupted by force from outside.

After attaining its final form, this Great Russian nation may then enter upon a new period of history compared with which all previous Russian history represents but a prelude.

In Western history, the relationship of the period preceding Charlemagne to that which followed him might serve as a comparison.

Soviet Peoples: "Brave," "Unstable"

Despite all the variations now existing among the peoples of the Soviet Union, there is already an astonishing uniformity of character. All the peoples reveal similar recurring characteristics or qualities of character.

Their positive qualities are: bravery, ability to live on little and to endure much suffering, adjustability to conditions that appear unchangeable, good-naturedness when not aroused, ability to forget quickly wrongs inflicted upon them, enthusiasm for new ideas that appeal to the emotions, and, finally, the great ability to improvise and to adapt to a new situation.

It is evident how such qualities, if skillfully exploited by a coldly calculating and scientifically trained upper class, can be directed into great accomplishments.

The negative qualities are: irrational instability in everything —in emotions, thought and actions—periodic lack of initiative, extreme laziness, and a general—although seemingly unintentional and hardly conscious—untruthfulness and disloyalty, toward themselves as well as others.

These characteristics result in an incurable inclination toward lack of planning and discipline, which Russians attempt to disguise by elaborate paper planning and issuing of many orders.

It is evident that such qualities greatly hamper the effectiveness of the Russian individual unless he is subordinated to complete authority and rigid collectivism.

Although these negative qualities cannot be completely overcome, they can at least be partially neutralized. These defects of character account for the fact that the Russian, when left to himself in freedom, so rarely can accomplish that which he can achieve without difficulty when placed under rigid control and relieved of personal responsibility.

This control has been and is now being applied through total terrorism. By means of terrorism, the absolute authoritarian state—whose ruler the Russians used to call the *Gosudar* —continues to exercise its function of integration, yesterday under Peter the Great, today under Bolshevism.

If the *Gosudar* succeeds in integrating and fortifying the positive qualities of his subjects, and in at least minimizing the negative qualities, and if he can accomplish this in a progressively milder form without at the same time becoming weak in pursuance of his objectives, then he has at his disposal a people with which much more can be achieved than has so far been accomplished.

The possibilities will be even greater if a highly bred caste of leaders succeeds in establishing itself with stability and increasing legitimacy.

Fortunately for Russia's neighbors, such efforts have not yet matured to full effectiveness. But every successive regime has renewed and advanced the attempt. Regardless of whether it was under Ivan the Terrible, Peter the Great, Catherine the Great, Nicholas I, Lenin or Stalin, whatever great achievements were accomplished in Russia—and at what sacrifices in blood and tears—they were accomplished under potentates using the same terroristic methods. The harsher the terrorism, the greater has been the achievement.

Therefore, to a Western world which has preserved its biological entity and its national soul, the Eastern colossus can become dangerous only temporarily and in limited measure. On the other hand, a Russian-dominated empire can never be established and maintained in freedom.

Therefore, also, this vast empire enters into a period of serious danger when a threat to the integrating leadership of the *Gosudar* from within coincides with pressure from without—as is happening now and will continue for several years ahead.

Population Problems "Critical"

When one discusses the Russian people, one cannot ignore their critical population problems, which are causing increasing concern and effort on the part of the Soviet leaders.

The Soviet Union of today is a space without a population. An area of 20 million square kilometers [7,720,000 square miles] was populated before the war, according to reliable estimates, by no more than 180 to 190 million people. Now the population is said to total 220 million. War losses have been officially listed as about 18 million.

After the war a census was taken. But the result is said to have been so unexpected that the Government has not dared to publish it. The man in charge of the census was accused of sabotage and was shot.

According to former Premier Georgi M. Malenkov, the birth rate is totaling 3 million a year. But nothing has been said about the death rate. It remains unclear whether the 3 million figure is merely total births or actual population increase. If one compares available figures, one arrives at a present total population that must be much less than the 220 million claimed.

In this connection, I wish to cite what experienced authorities—former workers in the apparatus of the Central Com-

. . . "For a good while to come, the masses of Russia will be dominated solely by the primitive struggle for a bare existence"

mittee and old party members—said to me over and over again:

"Never believe any figure that is published. Every one is either false or correct depending upon whether truth or falsehood happens to meet the needs of the moment."

Many other people—builders, factory heads and economists—repeatedly uttered the same idea. They said: "Fundamentally, everything in our country that involves figures is outright manipulation, intended to mystify. Handling figures has become a science all by itself."

This system of deception was encountered by every worker and bookkeeper within and without the camp and, as far as possible, was practiced by him. This was done whether the figures concerned fulfillment of work norms, factory production or state planning.

Embittered intelligent men have told me: "If the corruption and manipulation of every plan, large or small, were not developed to the highest art, we would never have even approximated fulfillment of any of our plans. Only the organizing force of our corruption and manipulation enables us to overcome the planned disorganization."

The danger of a stagnation of the population in the relative vacuum of Russia's vast area is a mortal one—not for the West, but for the East, with its increasingly tremendous biological pressure. So the entire propaganda apparatus of party and state has been thrown into the fight to increase the population.

Efforts are being made to restore marriage morality, encourage big families as a proof of patriotism, curb divorce, increase protection for mothers, reward mothers of large families, and to prohibit and punish abortion.

But these measures come too late, even if they succeed in overcoming the effects of earlier propaganda and laws that encouraged the systematic destruction of family and marriage, that even went so far as to provide state abortion clinics.

The present measures are too late because sociological readjustments and developments have begun which in their steadily increasing effect cannot be checked by any kind of propaganda or laws. Their over-all effects must lead to a rapid decline of the birth rate.

The most important of these influences is the swift urbanization of postwar years. This heavy concentration in big cities, coupled with a shortage of housing space, endangers the family and makes large families virtually impossible.

In addition, this concentration causes a large-scale separation of the sexes, not only by the housing of young people for many years in mass quarters, but even more by the mass exodus of men from the country and their resulting preponderance in the cities.

One can observe this trend in pictures of meetings that appear in the newspapers. In cities, the meetings are dominated numerically by men, especially young men. In smaller towns, the men are fewer. In the collective farms, for every man that is seen there are a hundred women.

Women writing from collective farms to their husbands in prison camps repeatedly say that "now we have almost no one left except old or sick people and children. We women must do everything alone."

In addition, there is the physical wear and tear on women from their use as full-time workers, required to turn out the same volume of work as men.

Also, there are the millions of children lost every year because millions of men are in the army and other millions are in prison camps—unable to beget offspring. And finally must be considered the number of abortions, which are increasing constantly although prohibited.

Thus, while Russia's need for people grows steadily, its open spaces are not being filled. In fact, rural areas are becoming more empty.

CHAPTER IV

SOVIET NATIONALISM

THERE ARE THREE main classifications of Russian people: 1. The so-called intellectual workers. To these may also be added the medium and higher officials of the party and the state, officers of the Army and the Cheka (MGB, MVD), skilled workers, and the leading functionaries of the collective farms, and particularly of the machine and tractor stations (MTS).

2. Former farmers, insofar as they have not already been absorbed by the collective farms.

3. The gray mass of pushed-around "termites."

It is understandable that among the last-named group—the masses—no active spiritual attitude can be ascertained. As the standard of living slowly rises, it may be expected that new desires exceeding the present primitive level will gradually be awakened. However, at present and for a good while to come, the masses of Russia will be dominated solely by the primitive struggle for a bare existence.

They are concerned with the day-by-day procurement of some potatoes and cabbage, possibly some bread and tobacco—and maybe even some vodka—a minimum of clothing, and living quarters of the most primitive sort.

More than this, for the time being, they cannot expect and, in fact, hardly even wish for.

These people are disinterested in politics because they do not believe anyone any more. Religious needs, confined to older persons, are limited to occasional indefinable emotions and outward formalities. Genuine sentiments seem to be felt only toward family members and close friends.

However, if this human mass is handled with the right psychology, given the additional incentive of higher wages (together with some vodka and some praise), it will not turn against the political system it hates, when that system is seriously threatened.

If these people's emotions are cleverly aroused and directed, they will work and suffer even more—and will also fight bravely.

Never will this stratum of people become a danger to the prevailing system as long as the upper crust remains intact.

Robert Kennedy

IN RUSSIA, A "GRAY MASS OF PUSHED-AROUND TERMITES"
They "will always regard foreign propaganda with mistrust"

It will always regard foreign propaganda with mistrust as long as its own propaganda remains unrefuted.

The second group, which is far from small despite the terrible slaughter of kulaks, has only one desire: to free themselves from the collective farms and repossess their own land, even though this may cost them temporary hardship.

These peasants are probably the only group in which Christian traditions still survive—strongly among older people, weaker among the young.

All in all, it seems that the systematic liquidation of the kulaks that began in the early '30s and continued into the postwar period has broken the backbone of the old Russian peasantry. Whether a revival is possible cannot be judged.

From this it is plain that a picture of present-day spiritual conflicts and currents of thought that are likely to influence the future can be observed only in the first group—the intellectuals.

This group not only holds the nation together, but it lends the nation its distinctive character.

The language that this group speaks, and its concepts, can as yet hardly be distinguished from those of the thin upper crust of top leaders. However, beneath the surface, an already visible trend has begun. It is beginning to depart from the official doctrines of state and society and, while still treading old paths, is striving toward new and clearly recognizable goals.

In describing this trend, one must recognize, however, that no genuine arousal of Christianity is discernible in these circles.

One should not be misled by the official receptions tendered dignitaries of the Orthodox Church, or by journalists' reports that Russian churches are filled at all services.

These attendance reports apply only to certain churches, the number of which is very small. In relation to actual population, total church attendance is extremely small. Moreover, the church is in reality a manipulated instrument in the grip of the political system, rigidly directed from the top.

Significant, also, is the decline of Marxist-Leninist dialectical materialism as a pseudo religion.

The official language of dialectical materialism is still universally employed. This phraseology has been adopted, seemingly unconsciously, so completely that individuals can talk only in official jargon. Even young, educated Russians who oppose Communism repeatedly use the language symbols of Communism in discussing plans for counter-revolution.

Nevertheless, in actual belief and in everyday living, there has developed an almost complete separation from the theoretical doctrine of the party. People do not discuss Marxism and Leninism any more. They are at the same time a totem and a taboo. Lenin's words, of course, are cited daily in a dogmatic manner and worshiped ceremoniously as the party liturgy. But people plan and act in everyday life as if all this did not exist.

Marxism-Leninism, as something that arouses and inspires, as a pseudo religion for which one would fight and die, and which gave rise to legends of heroes and saints, is today

. . . "Many Russians have seen with astonishment and envy the West's standard of living, and they are not willing to remain so far behind the West"

dead. And from all its legends it is no longer possible to rekindle a living reality.

Stalin recognized this development in its beginnings, and acted with precautionary foresight. Presumably he decided to exploit these early emotions by integrating them on a new plane, because he evidently realized that they were only of a temporary nature. His object was to keep under control the national-religious emotions which are so dangerous because they slumber in every Russian and suddenly burst forth from time to time. Stalin resolved to guide these emotions in order, if possible, to control them.

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This emotional, fanatical nationalism that exists in Russia cannot be compared with any kind of Western nationalism. It must be recognized as a peculiar kind of pseudo religion which has shown itself clearly and repeatedly in the past and will prove powerful again in the future. It can best be understood if one recalls the words of the Russian author, Dostoievski: "Yes, we want peace for all mankind, we want the salvation of the entire world, but first this world must become Russian—yes, radically Russian."

For the Russian of today, this messianic spirit has the same fascination as the words of Dostoievski had for his generation.

Stalin apparently thought at first that he could temporarily activate this nationalistic religion as a political instrument and then could inactivate it after it had served its purpose. There can also be no doubt that Stalin was originally a convinced, dogmatic Bolshevist, or at least thought he was.

However, just as it appeared politically necessary to Stalin to create an empire under the mantle of the almighty state, it also must have appeared to him urgent to establish a national Russian foundation upon which its almighty power might rest. There is no doubt that toward the end of his regime, the achievement of this goal overshadowed every other aim.

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After Stalin's death, this process did not end, but rather gained momentum. . . . The glorification of messianic Great Russian nationalism continues. . . . Therefore it is obvious that in any conflict between a foreign enemy and Russia's present leadership, real Russianism will rise as one man in defense of "holy Moscow." Even though the individual Russian may oppose this leadership, yet the leadership resides and reigns in Moscow. And in defending Moscow the people will be defending not just Bolshevism, but, to a far greater degree, Russia.

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Bolshevism, thus, though it appears outwardly to be rigidly formed, is undergoing an inner reformation. It is still preserving its official terminology, but it is not realizing its ideological aims, even in its homeland, because the spirit of Bolshevism is running into frustrating forces that rise out of the mass of Soviet people.

Another significant development is the changing of the individual Russian's materialistic ideals. Many Russians have seen with astonishment and envy the West's standard of living, and they are not willing to remain so far behind the West.

But it is not only the clamor for a higher standard of living that is becoming more and more noticeable—so noticeable that Stalin's successors had to recognize it in their plans. Russians also are showing an urgent desire to free their private lives from the close supervision and control that now extends to even the most trivial details. This new ideal manifests itself most strongly in the field of amusement. In cinemas and theaters it is already outspoken. It is spreading to newspapers and books, and reaching out toward economy, science and art. Here one can see how this new feeling is challenging the old threadbare party doctrine—and perhaps tomorrow may supersede it.

All this indicates the impossibility of rigidly maintaining an ideological-political formula that is already dead. This has become clearer than ever because total terrorism, which was the stabilizing force, has suffered a shattering shock in the downfall of Beria, former head of the secret police. Beria had become the symbol of total power, and the effect of his downfall was tremendous.

It would be disastrous, however, if the West were to conclude from these incipient mutations that dialectical materialism and its present instruments of power—the Bolshevik Party, church and state—have become insignificant and need no longer to be considered as a danger to the free world.

These instruments are still powerful—both within and without Russia. For the growing Great Russian Empire they will remain for a long time indispensable, not only for inner integration but for outward expansion. Outside Russia, they are indispensable because they promote political expansion and yet conceal the Great Russian claim to world rule behind a mask of nonnationalism.

CHAPTER V

THE ECONOMIC CRISIS

THE ECONOMIC SITUATION in the Soviet Union is typical of overregulated state capitalism. This statement, of course, is not new. But it is new that the foundation of this regulation is now endangered.

The only thing that has made it possible for such a strictly regulated economy to function at all was authoritative terrorism—and now the instrument that maintained this terror has been weakened, seriously weakened. It has not yet been possible, since Beria's downfall, to build it up again.

The economic system of the Soviet state rests, ideologically, on the theory that capitalistic exploitation of the masses has been eliminated in the communized realm. Actually, however, in its final analysis, the Soviet economic system was founded upon and today survives by the most horrible exploitation of the peasant.

The standard of living of the collective farmers is unimaginably low. In recent years an attempt has been made to better their lot by reducing the number of collective farms and enlarging their size. Undoubtedly some limited gains have been achieved.

. . . " 'Naturally,' my informants would tell me, 'there are some admirable achievements in the Soviet Union. But it is not difficult to build pyramids on the backs of a great people when blood and tears are of no concern' "

However, such efforts can produce only minor improvements so long as the mass exodus to the cities—especially of men—continues, and so long as the naturally indolent peasants are not offered adequate incentives.

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The state budget of the Soviet Union rests upon this tremendous exploitation of the peasant. Without it, the budget could never be balanced, and without it, also, it would never have been possible to achieve the advances that unquestionably have been made in heavy industry, which is the foundation of armament production.

There is no doubt that this gigantic state-operated heavy industry is only partly self-supporting. If the subsidies paid by the farmers stopped, heavy industry could no longer be maintained.

Moreover, it is evident that the building up of heavy industry at such great speed—accelerated since the war—has not permitted simultaneous expansion of light industry and consumer-goods production. Potential and capacity have been too limited to build up both light and heavy industries simultaneously.

Therefore, further development runs into a bottleneck which cannot be overcome unless total mass terrorism is restored quickly—or unless some entirely new path is broken.

This is the problem which Russia seeks to solve by the so-called "new course"—or, better, the "new courses," for there are more than one plan and more than one goal.

What Peasants Hope for

The unhappy peasants are hoping for a new dawn. They do not really hope to own their own land. They don't dare to hope this, although that is the real goal of all their yearnings. But they do hope with increasing insistence for a better standard of living. They are aware of the big contrast between city and country life. They want better prices for what they produce and more consumer goods to buy. They want more efficient mechanization.

The party, the Government—and the Army—are aware of this demoralization of the peasantry. They can see the decline in labor productivity, which has never been more than just this side of mass starvation.

One must not forget that the production of bread in the Soviet Union has never been really adequate. The slightest damage to the grain harvest rocks the system to its foundations, and any export of grain is made only at the expense of hungry people.

Malenkov, in announcing his "new course" last autumn, said:

"In a few years we shall produce 800,000 tons of butter."

How much is being produced now he did not say. What he failed to add, however, was that Germany in 1938 was able to produce, in its small area, exactly 800,000 tons of butter.

This agricultural crisis became known to us, in prison camps, partly through study of the provincial newspapers and also through the accounts of fellow prisoners who were former farmers from all over the Soviet Union, and from the letters they received from their wives and children.

Many letters contained sentences such as these:

"Last year during 120 paid working days we received 90 grams of cabbage per day—and nothing else."

"I have nothing more with which to patch up the rags that the children must wear."

"I cannot send the children to school any more because the last shreds of their shoes have worn out and new shoes cannot be obtained."

Such are the real conditions in the average collective farm—not as they are pictured in the model farms exhibited to touring foreign delegations. Members of these delegations would be surprised if they knew the bitterness which peasants feel when they read in the Soviet newspapers how these delegations, traveling in luxurious trains and plied with champagne and caviar, expressed admiration for the achievements shown them in the Soviet Union.

"Naturally," my informants would tell me, "there are some admirable achievements in the Soviet Union. But it is not difficult to build pyramids on the backs of a great people when blood and tears are of no concern."

The seriousness of the agricultural situation was revealed inadvertently by the detailed report that Nikita S. Khrushchev made to the Central Committee soon after he came to power. In essence, it said:

"Farm production is inadequate because of the disorganization in the mechanization program, because there is not enough labor available in rural areas, because the morale of farm workers is low, and because there are shortages in nearly everything that is needed.

"To safeguard the nation, farm output must be increased materially, and the farmers' standard of living must be raised.

"To achieve this, the agricultural, administrative and technical leadership must be completely reorganized, and masses of highly qualified technicians must be returned to the rural areas. Moreover, it is necessary to bring presently wasted lands under cultivation as fast as possible."

What Khrushchev did not say, but what he must have thought, was this: "If this is not successfully accomplished, we cannot continue the collective farms, because total terrorism is no longer at our disposal—for the moment at least."

From Factory to Farm

Khrushchev's program became the new "party line." Return of "the most capable" workers from factories to farms was proclaimed as a "campaign."

But everybody with experience fully realized the following:

No factory head or party organizer in any factory would even have considered turning over to the farms his best mechanics and technicians. They would risk their own heads if they gave up so many good men that they could not fulfill their own factory quotas. So they would naturally shunt off to the farms the workers they wanted to get rid of.

The workers sent to farms would not really increase production as sought. These workers thought they had escaped collective farming when they entered factory employ, and would be very dissatisfied to return.

However, supposing that Khrushchev's plan were to succeed in raising farm production, what would happen to heavy industry after its loss of a large group of workers to the farms? Heavy industry would not only have to halt its expansion, but would have to reduce its capacity for producing armaments, and curtail its "big brotherly" aid to Red China.

Such a blow to the armament industry would never be

. . . "Informants would say: 'If we did not have total labor terrorism, we would have had to declare the total bankruptcy of our system long ago' "

tolerated by the Army, and a reduction of aid to China would make presently real a potential danger in the Far East.

Moreover, the consumer-goods industries would have to expand their production to meet the increased buying demands of farmers. And where would the light industries find their labor? And from where would come all the necessary new raw materials, already in short supply?

Here, then, is the Soviet dilemma: three bottlenecks, and to solve any one of them means making the others worse.

In the opinion of those Russians who outlined these problems to me, there appeared to be only two courses open to the Soviet Government.

One course would be to reimpose upon the people absolute and total terrorism—provided this could be done.

The peace of the cemetery could thus be restored by a single stroke. Demands for improvement in living standards could be silenced. People could be shifted around for more intensive exploitation. The need for expanded consumption of consumer goods would be avoided, and neither the heavy industry nor armament production nor aid to China would need to be curtailed.

However, this course would encounter difficulties. Aside from the psychological difficulties of restoring mass terror, there could be no re-creation of such an effective Cheka as Stalin commanded until the tug of war between the big rivals for power is settled. This may take years.

So, the rivals probably will be compelled to attempt a second possibility—which may represent a real and permanent solution. This second course would have two tracks, though a single goal. On the one hand, it would seek a guarantee of peace with the outside world for years to come. This would permit a slowdown in armaments and in aid to China and a better balance between agriculture, light industry and heavy industry. At the same time, foreign trade would have to be pushed to the utmost in order to obtain consumer goods through imports and simultaneously to win foreign countries over as "peace partners."

Since, evidently, Russia cannot produce enough to maintain such a trade volume by exchange of goods, the time would come when Russia would have to fall back on its hoard of gold in Kolyma, Siberia. How large this gold supply is nobody knows. But it is undoubtedly great, perhaps second only to that of Fort Knox, for the Soviet Union is one of the world's greatest producers of gold and its search for gold is being intensified.

So far, Russia has been very stingy about parting with its gold. It can be assumed that this restraint will end if this course of expanded trade is pursued strenuously and the spending of the gold appears profitable.

If the future should show, then, that Russia is continuing to hoard its gold, it could be assumed that all "new courses" such as outlined here have been abandoned, and that the contesting for individual power has been concluded—or at least hidden by some sort of facade—to permit the establishment of a new total terrorism.

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All these economic problems existed, at least potentially, in the Stalin era. But their solution could be postponed as long as the absolute authority of this demoniacal man existed.

Now, the almighty Stalin is dead, his authority is gone, and the economic bottlenecks have become narrower. This is true not only because Stalin's successors have not yet succeeded in building up a new absolute authority, but also because they have done many things in the way of planning and directing that have created new difficulties.

During the first months after Stalin's death, his successors dissolved dozens of ministries, reorganized and combined, reformed and merged until no one knew any longer who was the actual boss and what was the official line of action.

This reshuffling was probably unavoidable during the struggle for personal power, but it was bound to have serious effects on the totally centralized Five-Year Plan.

In such a system of centralized planning, punctual and adequate supply of individual branches of production, down to the smallest factory, can be achieved only if the deficiencies in planning and direction are mitigated by the illegal but "human" connections between the leading officials, operating on the policy of give and take.

My camp informants used to tell me: "Remove all human relationships from the apparatus of planning and our whole economic edifice will collapse. These relationships may be corrupt, but they are necessary to us because they alone can mitigate the endless jurisdictional conflicts and all the nonsensical theoretical planning and centralized clumsiness."

These informants also would say:

"Don't think that what you see here in our small camp factories exists only here. This confusion, these recurring bottlenecks and the production of defective goods, these spurts of overproduction followed by complete stoppages—all this is typical of what is going on in innumerable factories outside the prison walls. Outside it goes on in exactly the same manner, only on a vaster scale.

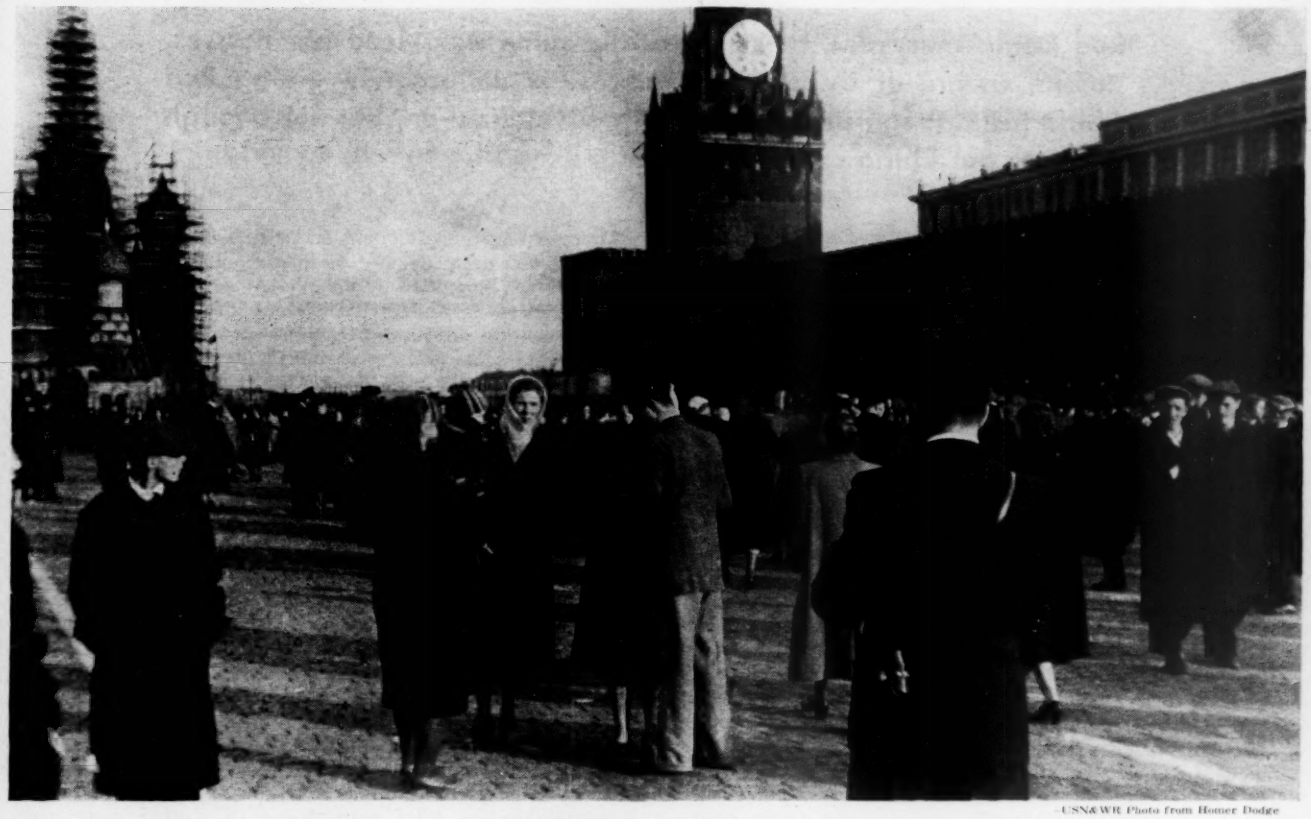
"If we did not have total labor terrorism, or if we did not possess such great potential wealth that we need only to scratch the surface, then we would have had to declare the total bankruptcy of our system and nation long ago."

CHAPTER VI — THE WORLD OUTLOOK

Editor's Note: The conclusions in this final chapter are based on Dr. Starlinger's many long conversations with the Russian intellectuals who were his fellow prisoners. The conclusions, thus, reflect the thinking of these educated and well-informed Russians—many of whom once were part of the Communist regime.

IT HAS BEEN ATTEMPTED here to show that the Soviet Union can master its interior crisis only if foreign pressure is reduced and a long period of peace guaranteed, with foreign trade simultaneously increased.

For this reason alone it would be wrong to regard merely as propaganda the Kremlin's recent "peace movement." This



USN&WR Photo from Homer Dodge

RED SQUARE IN "HOLY MOSCOW"

Russians' "fanatical nationalism must be recognized as a peculiar kind of pseudo religion"

is true even though the movement is a sort of "Trojan horse," and even though it cannot be expected that Russia will ever really give up its imperial dream of world revolution—whether under the flag of world revolution, or under awakened Great Russian messianism.

On the other hand, the free world, and particularly Germany, must not draw the erroneous conclusion that the West can sit back complacently and dream of a secure peace. To do this would invite a rude awakening.

Germany and Europe also must keep in mind:

1. It is not yet clear whether peace can be maintained in the Pacific, whether there may yet be a conflict between the U. S. and China. If, contrary to probability, such a conflict occurred and Russia stayed out of it—as she would try to do—then she would have her hands free to deal with the West.

2. If the big Anglo-Saxon powers, for any reason, were to withdraw from Europe, Russia would need only to provoke trouble inside Germany and then could, through the weight of its power and the aid of its puppets, attain all it desires without the need of overt intervention.

3. And finally: No one can predict with any certainty when an authoritarian nation may feel itself compelled to attack the outside world, especially during inner crises that could be overcome by war.

However, a dream of world conquest is one thing—its realization another. Much supports the view that Russia made an assessment of her entire military situation during the critical period between the Berlin blockade of 1948-49 and the first Communist defeat in Korea, before Red China entered the war, and that Russia then came to the conclusion that she would be neither militarily nor economically in a position to defeat a united West under the leadership of the U. S.

This conclusion was based not only upon the fact that Russia's atomic armament at that time was still only beginning. In all discussions—both inside the prison camp and outside—Russians expressed the realization that the Soviet Union would have available for war only 50 million tons of steel, 60 million tons of oil and 500 million tons of coal, even if the current Five-Year Plan were genuinely fulfilled. No illusions existed regarding the real Soviet war potential as compared with that of the united Western powers.

The Berlin blockade and the Korean war were generally regarded as tests of the Anglo-Saxon powers' firmness. If America had hesitated in Korea, England would not have acted. Korea would have been overrun quickly without Chinese aid.

Then, in all probability, the test in Berlin would have been repeated and, if it succeeded, similar attempts would have been made at the Kiel Canal and perhaps also at the Dardanelles.

If resistance developed, general war need not have resulted because Stalin could pull back whenever a general war threatened. But, if the tests succeeded, Russia could have achieved protection of its military approaches, both through the Baltic and Black Sea areas and toward the industrial area of the Donets Basin—all without war. Moreover, great political influence would have been established in the Scandinavian and Near Eastern nations.

All these possibilities were openly discussed inside the prison camp and, as arriving prisoners told us, also on the outside. No thinking person seriously believed the Soviet charges of "American aggression" in Korea. On the contrary,

. . . "Red China must arm, and must at the same time feed her masses. Russia, aware of these circumstances, is deliberately giving Red China just enough aid to start the industrialization, but not enough really to put China on its own feet"

Korea was accepted as a natural development of psychological warfare.

The fact that America acted so swiftly and swept England to her side protected the West from tremendous consequences—perhaps even saved the free world.

In Russia, the U. S. action produced a deep impression. Such decisiveness was unexpected. It became clear that Russia's dreams of Western conquest were not yet ripe for realization.

At that time, also, the belief still prevailed among Russians that there was still time enough to pocket Europe later, when the powder keg of Germany had become ready for an explosion. No one in Russia anticipated the economic and political rejuvenation that followed in West Germany. Everybody in Russia thought that economic poverty would ripen Germany for a revolt, offering possibilities of intervention. For this purpose, the whole communized area from the Elbe, along the Danube to the Black Sea was fortified as a potential base for an offensive—which it still appears to be, but probably no longer is.

Meanwhile, revolutionary events have taken place in the Far East which sooner or later must alter the whole military position of the Soviet Union toward the West.

It is certain that the Chinese Communists grew powerful much faster than Russia expected.

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Predicting China's Future

No one can predict today in what direction the development of China will continue, but two predictions may be ventured:

1. Red China will become increasingly independent and self-asserting.

2. Never again will the old Kuomintang [Chiang Kai-shek's Nationalists] be restored to power.

Nevertheless, Red China faces tremendous difficulties which, for the time being, aid Russia. China must arm, and must at the same time feed her masses. Therefore she must industrialize. But at present she is too weak to do this on her own, despite her potential wealth. Therefore, Red China needs Soviet aid.

Russia, aware of these circumstances, is deliberately giving Red China just enough aid to start the industrialization, but not enough really to put China on its own feet.

As a matter of fact, the Soviet Union cannot give China all the help it really needs. Only one power can do this—the United States. But America has closed the door to China and, as long as America keeps the door closed, China will have to rely upon Russia. Meanwhile, the Soviet Union is keeping its rear protected in the Far East and maintaining its freedom of decision toward the West.

If China remains dependent upon Russia much longer and is not offered an accord with America, China will be compelled to "starve herself to greatness"—that is to say, she will have to industrialize at the expense of the farmer. This would mean collectivization of farming. If this is done, one may then conclude that Red China has given up hope of an accord with America and is determined to accept the grave consequences.

There is one process going on in Red China which is already causing great anxiety in Russia and which should be given serious recognition by the West.

That process is China's tremendous growth in population and its resulting pressure for expansion.

Integrated China already numbers half a billion inhabitants. Most of them are farmers, among the most prolific people in the world. Although growth is now being held back by high infant mortality, starvation, war and epidemics, the annual growth already is estimated at 12 to 15 million. In a few years this growth may exceed 20 million—equivalent to the population of a middle-sized nation.

China's area, despite its vastness, is already too small to satisfy the land hunger of its farmers. From year to year it will become more inadequate.

What will happen when a nation of 700 million is faced by such pressure for expansion? So far, China has been trying to expand toward the South. But, ultimately, China will never find enough room in that direction.

Someday, China will have to turn toward the North and Northwest . . .

Sooner or later, then, China and Russia will meet face to face.

As a consequence, China and Russia must soon separate—and then a total realignment of world power will follow.

For the Soviet Union, the question soon will no longer be when it can overrun Europe, but how can it obtain support from the West to protect itself against the threat of being overrun from the East.

The next development will depend upon relations between America and China. America must soon decide whether it wants to come to terms with Red China or fight in an effort to halt the progressing integration of East Asia.

But America must realize that she can only interrupt, never completely halt, this process of East Asian unification. Even the possibility of interrupting the process will be of short duration. The fighting power of Chiang Kai-shek's army cannot be preserved much longer. One does not have to be a strategist to realize that the conquest of the Chinese mainland from Formosa can never succeed.

Hence, if America fought China, she would have to fight alone—and, even after winning, America would still face the same problem. No nation the size of China can be held permanently in submission and occupied unless it is reduced to ashes.

U. S.-Red China War? "No"

For these reasons, America will not fight Red China. Sooner or later—and probably sooner than most people think—America will come to terms with Red China.

America also must neutralize South Korea and Indo-China, which means leaving them eventually to be integrated by China.

As compensation for all this, America would obtain the swift detachment of China from Russia and would open the door again to the world's potentially greatest consumer market.

In the West, America and Europe would begin to feel the

. . . "Within the foreseeable future it is possible that a new balance of power will be established. The U. S., China and Russia will emerge as the only great powers. The British Commonwealth can only be on the side of the United States"

increasing desire of the Soviets to protect Russia's rear. With the necessary guarantees, this could be realized.

The British Commonwealth would face an additional problem because of the close proximity of the Chinese giant to Malaya and Burma. Sooner or later, Britain would have to give up Hong Kong. But it would gain greater security against Soviet pressure in the Near and Middle East, and could share in the economic development of China.

If America decides not to fight in the Pacific, but, instead, in the interest of her own preservation, decides to come to terms with China, then the chances of America's fighting—in the nature of an outmoded crusade—to destroy the military power of Russia will be lessened.

After such a fight, even if it were won at not too great cost, America would still face the same problems. She could not solve these problems in Russia any better than in China.

Therefore, America will fight the Soviet Union only if she is attacked. Sooner or later America will seek a general understanding with Russia as well as with China. America will have to do this to bolster Russia's position in relation to China. This may appear paradoxical. But it is clear that America can neither allow Russia to dominate China nor allow China to bring Russia into its fold.

Within the foreseeable future, then, it is possible that a new balance of power will be established. The U. S., China and Russia will emerge as the only great powers.

The British Commonwealth can only be on the side of the United States.

Among the three great powers, each would strive to protect itself with the aid of the other two. The most sensitive and dangerous area would remain the region around the Amur River, between China and Russia. For this reason, the position of the Soviet Union within this concert of powers would have to be the weakest of all three.

This permanent weakness of Russia's position would provide a great opportunity for Europe—and Germany.

Needed: Ally for Germany

The first results of this indicated development would reveal themselves soon after an accord was reached between America and China. Germany's prospects, then, of attaining her vital ambitions would depend upon two conditions:

First, on Germany's ability to make an alliance—one of real value to the allied partner.

Second, on Germany's absolute loyalty to such an ally.

This ally can only be America. Only when America, as the strongest power on earth, and not dependent upon Germany alone, is convinced of German loyalty, and only when Russia comes to regard this alliance as unbreakable—only then will America be able to adopt Germany's demands upon Russia as her own, and only then will Russia accept these demands.

Until then, Russia will seek to hold on by all means to her military outposts in Eastern Germany. These will not be held as bases for an offensive against West Germany and Europe, but rather as bases for defense. Later they will become a wealth of pawns that can be traded.

Not until a genuine understanding is sought by both U. S. and Russia will Russia give up these pawns—and then only slowly and cautiously, one by one. Russia, as every nation, gives only if she must—and she is more obstinate than other countries because mistrust has become her nature.

To talk with Russia now, while her rear toward China is still safe, will prove useless. To expect any sort of solution beyond the Elbe or the Oder before an accord in the Pacific has been reached appears hopeless.

But, when such an accord has been achieved, then the time will come for America, together with Germany and the rest of Europe, to talk seriously to Russia. America can then discuss not only the present Soviet zone of Germany, bu. also the former German territories to the East, which were put under Soviet and Polish administration by the Potsdam agreement, pending the final peace treaty.

Then it will be shown that today's Communist masters of Central Germany can be shelved by Moscow overnight.

But if Germany alone—without America or against America's wishes—were now to begin negotiations with Russia, while Russia is still sure of herself in the Far East, Germany could obtain Soviet "partnership" only in the form of Germany's subjugation. And Germany simultaneously would lose forever the confidence and support of America.

For a country such as Germany, which can live only by importing raw materials and exporting high-quality finished goods and therefore remains dependent upon the good will of the great sea powers, such a loss would mean economic death.

On the other side, Germany is naturally an important factor in American policy in the European-Atlantic area—all the more so because of Germany's geographic nearness to the Eastern bloc. Out of this circumstance evolves a parallelism of interests which permits America to support Germany's legitimate aims.

Strengthening the Free World

Through America's advocacy of the reunification of Germany in peace and freedom, for example, the entire free world is simultaneously strengthened.

Absolute as Germany's position on the side of America must be, however, Germany also must realize that she must seek through genuine negotiation with Moscow a just solution of Germany's Eastern problem—not only in Germany's own interest, but also for the sake of America and Europe.

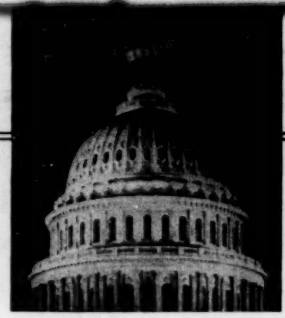
Moscow will deal with the chancellor of a free Germany. And it will be clear to Germany that Russia will always be its biggest, most powerful and nearest neighbor in Europe.

It will also result, in connection with the new balance of power thus achieved, that Germany will be important to Russia as rear protection against the big power of the Far East—China—just as it is important to the United States on which side Germany stands.

Liberation of all Germany by the Russians is an important precondition for a world-wide easing of tension.

However, out of all this emerges even more clearly the principle:

Absolute—although not unconditional—loyalty to America must be and remain the cornerstone of German policy.



RESPONSIBLE GOVERNMENT—WHEN?

By David Lawrence

RESPONSIBLE GOVERNMENT prevails when an Administration chosen by the people is continuously and uninterruptedly responsible to the people.

Irresponsible government prevails when a political party or leadership chosen by the people cannot instantly be held responsible to the people.

Today in the United States one political party controls the legislative branch while another political party controls the executive establishment. If the Vice President should succeed to the Presidency, and then anything should suddenly happen to remove him from office, then, under the present law of succession, the Speaker of the House, who comes from a political party that was not chosen by the people in the 1952 election to control the executive branch of the Government, would take the oath of office as President of the United States.

This is not responsible government.

When a Vice President comes into the White House, under our present system, there is no chance for the people immediately to express themselves—to approve or disapprove the new President's policies.

This is not responsible government.

Today if the President should become so ill as to make it doubtful whether or not he can discharge "the duties and powers" of his office, the exact meaning of "inability," as the word is used in the Constitution, is not defined either by act of Congress or by decisions of the Judiciary. There is no way at present to determine just when the duties and powers of the Presidency "devolve" upon the Vice President.

This is not responsible government.

Today the President, who is charged by the Constitution with the duty of conducting the foreign relations of the United States, may, due to illness, be unable to discharge the duties of his office, and hence his Secretary of State may or may not be regarded by other governments as the real spokesman of the United States. This could create worldwide uncertainty in a crisis.

This is not responsible government.

Irrespective of any question of physical inability, if a President adopts a course that the people do not favor, they should be able to replace him at once with a President who truly speaks for them. There would be no need of Bricker amendments or other constitutional safeguards with respect to the making of treaties or executive agreements if the President and his Cabinet were responsible for their tenure to both Houses of Congress and if the Congress, in turn, were directly responsible to the people at all times.

The Canadian people have such a system. It has served them well. It is known as the parliamentary system. It is in vogue in Great Britain, Australia, South Africa and New Zealand. France has a weaker form which has rightly been criticized as unstable.

As for stability under the parliamentary system, the classic example is that of the late Mackenzie King. He served as Prime Minister of Canada for a total of 22 years and 5 months during a span of about 27 years. He was on one occasion out of power for a few months and was in the minority for another five-year interval. The Canadian people, however, could have removed Mr. King from office at any time because they possessed an instant check.

This is responsible government.

In the United States, a system prevails in which even the presidential candidate who receives the largest popular vote does not necessarily win the Presidency. By indirect voting through the Electoral College, a few big cities can swing the electoral majority.

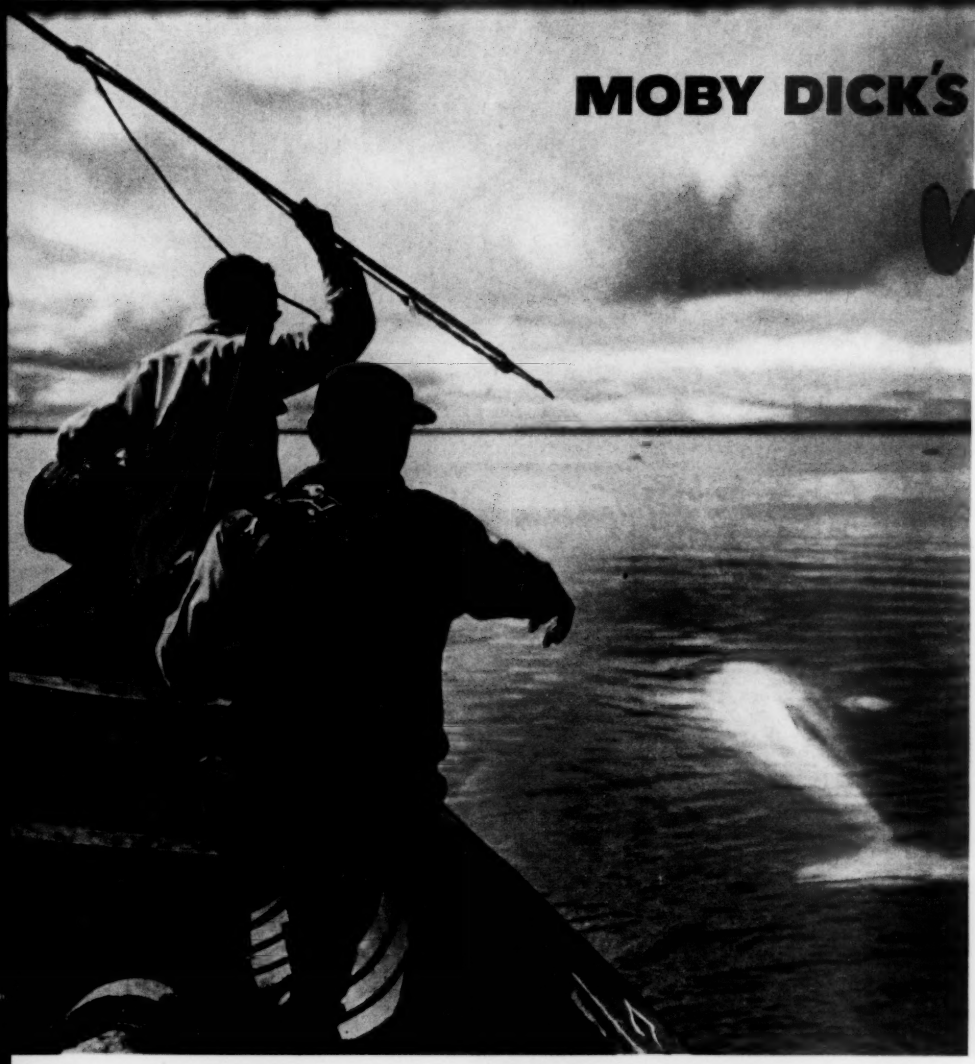
The powers of the President of the United States are greater today than any one man should possess in a fixed term. For four years he cannot be checked if he wishes to be arbitrary in matters of foreign policy or anything else. Likewise, if a Congress desires to thwart a President who is of the opposite party, it can injure the national interest by so doing. There now is no remedy until a part of the Congress is up for election once every two years.

It is out of the ranks of Congress that a President should be chosen. The majority party—which would elect its own leader—should be held responsible directly to the people, as in Canada. Any serious split in the majority party that occurs can be remedied at once by appealing to the people in an election to decide which faction or party is right.

Party responsibility means responsible leadership—and this means responsible government.

America needs a streamlined government to meet the crises of an atomic age.

A joint executive and legislative responsibility to the people would end the system of divided government that prevails in this country today. If the people were granted the right of an instant check on the Executive and on the Congress simultaneously, it would truly give the people the highest expression of freedom in our Republic. We would achieve at last a government that rested always on the consent of the governed.



MOBY DICK'S small fry brother gave me a Whale of a Battle

1 **"Harpooning the 'white whale'** of Hudson Bay is like playing tag with a ghost," writes an American friend of Canadian Club. "At Churchill, Manitoba, last August, two Indians took me right into a herd of belugas. Diving and surfacing all about our canoe, the snowy mammals were hard to follow and harder to nail. I missed five times before my harpoon finally connected.

2 **"'Shoot, Mister!'** the Indians yelled and when that whale took off I had to shoot fast to stop it. Taking belugas is usually forbidden to white men. I had special permission—with strings attached . . .

3 **"I had to sell my whale** to the factory at Churchill where they turn the monsters into lubricating oil and mink food. At a dollar a foot, my thirteen-foot beluga didn't fetch much, but I'd had what money can't buy—the thrill of battling half a ton of fighting whale.

4 **"'Down north here** we haven't many comforts,' my host said later. But he needn't have apologized. Not when he had Canadian Club.

5 **"'The Gateway to the Arctic,'** Churchill calls itself, but even here I found Canadian Club right at home—as it is everywhere I travel."

Why this worldwide popularity? Canadian Club is *light* as scotch, *rich* as rye, *satisfying* as bourbon. Yet it has a distinctive flavor that is all its own. You can stay with Canadian Club all evening long . . . in cocktails before dinner, and tall ones after. There is *one* and *only one* Canadian Club, and *no other* whisky tastes quite like it in all the world.

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